

THIRTY-SIXTH DAY

St. Paul, Minnesota, Friday, April 21, 1989

The Senate met at 12:45 p.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by Senator Dean E. Johnson.

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

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

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. Anderson, Mrs. McQuaid, Messrs. Johnson, D.J. and Solon were excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 18, 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
	322	34	1458 hours April 17	April 17
112		35	1700 hours April 17	April 17
699		36	1701 hours April 17	April 17
382		37	1701 hours April 17	April 17
390		38	1707 hours April 17	April 17
831		39	1710 hours April 17	April 17
203		40	1704 hours April 17	April 17

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 Senate Files, herewith returned: S.F. Nos. 361 and 1051.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 1989

Mr. President:

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

S.F. No. 104: A bill for an act relating to agriculture; making changes in the rural finance authority loan program; amending Minnesota Statutes 1988, sections 41B.02, subdivisions 12, 15, and 18; 41B.03, subdivision 3, and by adding a subdivision; 41B.039, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 1988, sections 41B.03, subdivision 4; and 41B.039, subdivisions 3, 4, and 5.

Senate File No. 104 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 1989

Mr. Beckman moved that the Senate do not concur in the amendments by the House to S.F. No. 104, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 166, 1338, 1665, 557, 831, 996, 472, 786, 811, 1530, 1355, 1440 and 1472.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1989

FIRST READING OF HOUSE BILLS

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

H.F. No. 166: A bill for an act relating to state agencies; providing that certain information submitted to department of transportation is public data; providing for development of internal auditing standards; classifying certain internal auditing data as other than public; defining terms; providing for limousine registration; exempting certain special transportation service providers holding current certificate of compliance from motor carrier regulations; delineating requirements of carriers to display certain information; providing for permits of special passenger carriers and household goods carriers; providing for operation under motor carrier permit on death of holder; providing for amount of insurance, bond, or other security required of motor carriers; giving commissioner of transportation subpoena power for certain enforcement purposes; providing for suspension of registration of interstate authority for failure to maintain insurance; amending Minnesota Statutes 1988, sections 13.72, by adding subdivisions; 16A.055, subdivision 1; 168.011, subdivision 35; 168.128, subdivision 2; 174.30, subdivision 6; 221.011, subdivisions 16, 20, and by adding a subdivision; 221.031, subdivision 6; 221.111; 221.121, subdivision 6a; 221.141, subdivision 1b, and by adding a subdivision; and 221.60, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13; 65B; and 221.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 985, now on General Orders.

H.F. No. 1338: A bill for an act relating to motor vehicles; restricting access to registration information concerning passenger automobile lessees; amending Minnesota Statutes 1988, section 168.345.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1563.

H.F. No. 1665: A bill for an act relating to commerce; creating a lien for public improvements and expenditures made for the benefit of certain corporations; proposing coding for new law in Minnesota Statutes, chapter 514.

Referred to the Committee on Judiciary.

H.F. No. 557: A bill for an act relating to retirement; providing additional resources for the public employees insurance plan; amending Minnesota Statutes 1988, sections 43A.316, subdivision 9; 69.031, subdivision 5; and 353.65, subdivisions 1 and 6, and by adding a subdivision.

Referred to the Committee on Governmental Operations.

H.F. No. 831: A bill for an act relating to game and fish; Mom Fishing Weekend; season opening date for certain game fish; amending Minnesota Statutes 1988, sections 97A.445, by adding a subdivision; and 97C.395, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 996: A bill for an act relating to education; allowing a school board to compel attendance of enrolled pupils under the age of seven; making conforming changes; amending Minnesota Statutes 1988, sections 120.101, subdivision 5, and by adding a subdivision; and 127.20.

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

H.F. No. 472: A bill for an act relating to transportation; motor carriers; increasing maximum length of certain semitrailers; defining mobile cranes and providing for their maximum length; requiring a highway cost allocation study; amending Minnesota Statutes 1988, sections 169.01, by adding a subdivision; 169.81, subdivision 2; and 169.86, subdivision 5.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 512.

H.F. No. 786: A bill for an act relating to employment; requiring the hiring of local workers and the payment of wages equal to those of railroad workers on certain railroad projects assisted with state money; amending Minnesota Statutes 1988, section 222.50, subdivision 5.

Referred to the Committee on Finance.

H.F. No. 811: A bill for an act relating to natural resources; changing certain provisions relating to the taking of turtles; amending Minnesota Statutes 1988, sections 97A.475, subdivision 41; 97C.605, subdivisions 2 and 3; and 97C.611; repealing Minnesota Statutes 1988, section 97C.615.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1085, now on General Orders.

H.F. No. 1530: A bill for an act relating to commerce; regulating business relations between manufacturers of heavy and utility equipment and independent retail dealers of those products; proposing coding for new law in Minnesota Statutes, chapter 325E.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1441, now on General Orders.

H.F. No. 1355: A bill for an act relating to probate; modifying provisions for the award of sentimental property and family allowances; amending Minnesota Statutes 1988, sections 525.151; and 525.152.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1184, now on General Orders.

H.F. No. 1440: A bill for an act relating to local government; requiring political subdivisions to request proposals for group insurance coverage; amending Minnesota Statutes 1988, section 43A.316, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1988, section 471.616.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1408.

H.F. No. 1472: A resolution memorializing the President and Congress to assure fair treatment for Minnesota dairy farmers.

Referred to the Committee on Agriculture and Rural Development.

REPORTS OF COMMITTEES

Mr. Merriam moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

S.F. No. 830: A bill for an act relating to courts; raising the jurisdictional limit on claims heard in conciliation court; amending Minnesota Statutes 1988, sections 487.30, subdivision 1; 488A.12, subdivision 3; 488A.14, subdivision 6; 488A.29, subdivision 3; and 488A.31, subdivision 6.

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

Page 1, lines 12 and 25, delete "\$5,000" and insert "\$3,000"

Page 1, after line 19, insert:

"Sec. 2. Minnesota Statutes 1988, section 487.30, subdivision 8, is amended to read:

Subd. 8. [COSTS AND DISBURSEMENTS FOR PREVAILING PARTY ON REMOVAL.] (a) The prevailing party in a removed cause may tax and recover from the other party costs as provided by rules of the supreme court; except that if the prevailing party, on appeal, is not the aggrieved party in the original action, the court ~~may, in its discretion, shall~~ allow such prevailing party to tax and recover from the aggrieved party an amount ~~not to exceed \$50 of \$200~~ as costs.

(b) For the purpose of this subdivision, an "aggrieved party" means the party who demands removal to county court and means the first party who serves, or files in lieu of serving, a demand for removal if another party also demands removal, and an "opposing party" means any party as to whom the aggrieved party seeks a reversal in whole or in part by removal of the cause to county court.

(c) The aggrieved party is the prevailing party in county court:

(1) if the aggrieved party recovers any amount or any property in county court when the aggrieved party had been denied recovery of any amount or any property by the conciliation judge,

(2) if the opposing party does not recover any amount or any property from the aggrieved party in county court when the opposing party had recovered some amount or some property by the order of the conciliation judge,

(3) if the aggrieved party recovers an amount or value of property in county court which is at least ~~\$25~~ *the greater of 20 percent or \$200* in excess of the amount or value of property which the aggrieved party recovered by the order of the conciliation judge, or

(4) if the opposing party recovers from the aggrieved party an amount or value of property in county court which is at least ~~\$25~~ *the greater of 20 percent or \$200* less than the amount or value of property which the

opposing party recovered by the order of the conciliation judge.

(d) In all other situations the opposing party shall be deemed to be the prevailing party in county court.

(e) Costs or disbursements in the conciliation or county court shall not be considered in determining whether there was a recovery by either party in either court or in determining the difference in recovery under this subdivision."

Page 3, lines 22 and 31, delete "\$5,000" and insert "\$3,000"

Page 3, after line 25, insert:

"Sec. 5. Minnesota Statutes 1988, section 488A.17, subdivision 10, is amended to read:

Subd. 10. [COSTS AND DISBURSEMENTS FOR PREVAILING PARTY.]

(a) The prevailing party in a removed cause may tax and recover from the other party \$5 as costs together with the prevailing party's disbursements incurred in conciliation and municipal court; except that if the prevailing party, on appeal, is not the aggrieved party in the original action, the court ~~may, in its discretion,~~ shall allow such prevailing party to tax and recover from the aggrieved party an amount ~~not to exceed \$50 of \$200~~ as costs.

(b) For the purpose of this subdivision, an "aggrieved party" means the party who demands removal to municipal court and means the first party who serves, or files in lieu of serving, a demand for removal if another party also demands removal, and an "opposing party" means any party as to whom the aggrieved party seeks a reversal in whole or in part by removal of the cause to municipal court.

(c) The aggrieved party is the prevailing party in municipal court:

(1) If the aggrieved party recovers any amount or any property in municipal court when the aggrieved party had been denied recovery of any amount or any property by the conciliation judge,

(2) If the opposing party does not recover any amount or any property from the aggrieved party in municipal court when the opposing party had recovered some amount or some property by the order of the conciliation judge,

(3) If the aggrieved party recovers an amount or value of property in municipal court which is at least ~~\$25~~ *the greater of 20 percent or \$200* in excess of the amount or value of property which the aggrieved party recovered by the order of the conciliation judge or

(4) If the opposing party recovers from the aggrieved party an amount or value of property in municipal court which is at least ~~\$25~~ *the greater of 20 percent or \$200* less than the amount or value of property which the opposing party recovered by the order of the conciliation judge.

(d) In all other situations the opposing party shall be deemed to be the prevailing party in municipal court.

(e) Costs or disbursements in the conciliation or municipal court shall not be considered in determining whether there was a recovery by either party in either court or in determining the difference in recovery under this subdivision."

Page 5, line 18, delete "\$5,000" and insert "\$3,000"

Page 5, after line 21, insert:

"Sec. 8. Minnesota Statutes 1988, section 488A.34, subdivision 9, is amended to read:

Subd. 9. [COSTS AND DISBURSEMENTS FOR PREVAILING PARTY.]

(a) The prevailing party in a removed cause may tax and recover from the other party costs and disbursements as though the action was originally commenced in the municipal court; except that if the prevailing party, on appeal, is not the aggrieved party in the original action, the court ~~may, in its discretion,~~ shall allow such prevailing party to tax and recover from the aggrieved party an amount ~~not to exceed \$50 of \$200~~ as costs.

(b) For the purpose of this subdivision, an "aggrieved party" means the party who demands removal to municipal court and means the first party who serves, or files in lieu of serving, a demand for removal if another party also demands removal, and an "opposing party" means any party as to whom the aggrieved party seeks a reversal in whole or in part by removal of the cause to municipal court.

(c) The aggrieved party is the prevailing party in municipal court:

(1) if the aggrieved party recovers any amount or any property in municipal court when the aggrieved party had been denied recovery of any amount or any property by the conciliation judge,

(2) if the opposing party does not recover any amount or any property from the aggrieved party in municipal court when the opposing party had recovered some amount or some property by the order of the conciliation judge,

(3) if the aggrieved party recovers an amount or value of property in municipal court which is at least ~~\$25~~ *the greater of 20 percent or \$200* in excess of the amount or value of property which the aggrieved party recovered by the order of the conciliation judge, or

(4) if the opposing party recovers from the aggrieved party an amount or value of property in municipal court which is at least ~~\$25~~ *the greater of 20 percent or \$200* less than the amount or value of property which the opposing party recovered by the order of the conciliation judge.

(d) In all other situations the opposing party shall be deemed to be the prevailing party in municipal court.

(e) Costs or disbursements in the conciliation or municipal court shall not be considered in determining whether there was a recovery by either party in either court or in determining the difference in recovery under this subdivision."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "modifying standards for the award of costs for conciliation court appeals;"

Page 1, line 4, delete "subdivision" and insert "subdivisions"

Page 1, line 5, before the first semicolon, insert "and 8" and after "6;" insert "488A.17, subdivision 10;"

Page 1, line 6, delete "and" and before the period, insert "; and 488A.34, subdivision 9"

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. 1369: A bill for an act relating to state parks; special permits for handicapped users; amending Minnesota Statutes 1988, section 85.053, subdivision 7.

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

Page 1, line 13, after "vehicle" insert "(i)"

Page 1, line 15, after "or" insert "(ii)"

Page 1, line 18, after "*purchased*" insert "*or proof of a leasehold interest in the vehicle for a term at least as long as the term of the permit*"

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. 1447: A bill for an act relating to resource development; requiring a research study on the effect of aspen thinning; 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. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 920: A bill for an act relating to taxation; permitting the city of Rochester to continue levying a general sales tax for flood control costs; amending Laws 1983, chapter 342, article 19, sections 4 and 5.

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

Delete everything after the enacting clause and insert:

"Section 1. Laws 1983, chapter 342, article 19, section 4, is amended to read:

Sec. 4. [ALLOCATION OF REVENUES.]

Subdivision 1. [USE OF PROCEEDS.] Revenues received from taxes authorized by sections 1 and 2 shall be used to pay the costs of collecting the taxes, capital and administrative costs of improvements to the city park and recreation system and flood control improvements for which the city voters at a special election held on November 2, 1982, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by sections 1 and 2, excluding investment earnings thereon, shall not exceed \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements.

Subd. 2. [PROCEEDS OF CONTINUED LEVY.] Notwithstanding subdivision 1, if the city council elects under section 5, subdivision 2, to continue imposing the tax after \$16,000,000 has been collected for the park and recreation system and \$16,000,000 for flood control improvements, the revenues must be used to pay the city's share of the flood control project or for other flood control purposes, including additional construction or restoration, repairs and maintenance of existing flood control improvements, or to pay the cost of cleanup and repair of flood damages.

Sec. 2. Laws 1983, chapter 342, article 19, section 5, is amended to read:

Sec. 5. [TERMINATION OF TAXES.]

Subdivision 1. [MAXIMUM REVENUES.] The taxes imposed pursuant to sections 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital and administrative costs of \$16,000,000 for improvements to the city park and recreation system and \$16,000,000 for flood control improvements and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. ~~Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.~~ If the city elects to extend the tax under subdivision 2, the funds must be allocated as provided in section 4, subdivision 2.

Subd. 2. [ELECTION TO CONTINUE TAX.] Upon termination of the taxes under subdivision 1, the city council may, by resolution, continue to impose the taxes. If the city elects to continue imposing the taxes, the taxes terminate on December 31, 1992.

Sec. 3. [EFFECTIVE DATE.]

This act is effective upon compliance by the city council of Rochester with Minnesota Statutes, section 645.021."

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 referred

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.

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

Page 7, line 7, after the period, insert "A licensed peace officer who works in a jail and who satisfactorily completes a training course or program may be granted credit toward hourly training requirements for both peace officer and jail employee licensing if each licensing board approves the training course or program."

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1211: A bill for an act relating to human services; expanding the powers and duties of the council for the hearing impaired; amending Minnesota Statutes 1988, section 256C.28, subdivision 3, and by adding subdivisions.

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

S.F. No. 1573: A bill for an act relating to commerce; regulating divesting transactions involving a principal domestic subsidiary; authorizing the metropolitan airports commission to approve a change in control of a major tenant at the Minneapolis-St. Paul International Airport; modifying standards that may be considered by certain investment fiduciaries; providing for worker and consumer protections after a leveraged buyout; imposing a tax on golden parachute compensation agreements; amending Minnesota Statutes 1988, sections 80B.01, subdivisions 1, 10, and by adding subdivisions; 268.07, subdivision 2; and 302A.011, subdivision 41, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 80B; 290; 300; 302A; and 325E; proposing coding for new law as Minnesota Statutes, chapters 268A; and 360A.

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 512: A bill for an act relating to transportation; motor carriers; increasing maximum length of certain semitrailers; amending Minnesota Statutes 1988, section 169.81, subdivision 2.

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

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1988, section 169.01, is amended by adding a subdivision to read:

Subd. 74. [MOBILE CRANE.] "Mobile crane" means a vehicle (1) not designed or used to transport persons or property, (2) operated only incidentally on the highway and not subject to vehicle registration under chapter 168, and (3) comprising a boom and hoisting mechanism used in the construction industry. Mobile crane does not include a motor vehicle, designed to transport persons or property, to which a boom, hoist, crane, or other machinery has been attached."

Page 1, line 9, strike "45" and insert "48"

Page 2, after line 26, insert:

"Sec. 3. Minnesota Statutes 1988, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) refuse compactor vehicles that carry a gross weight up to but not in excess of 22,000 pounds on a single rear axle and not in excess of 38,000 pounds on a tandem rear axle;

(2) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(3) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3).

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) ~~truck~~ mobile cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

(4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);

(5) double-deck buses;

(6) commercial boat hauling.

(e) for vehicles which have axle weights exceeding the weight limitations of section 169.825, an additional cost added to the fees listed above. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limi- tations on axles	Cost Per Mile For Each Group Of:		
	Two consec- utive axles spaced within 8 feet or less	Three consec- utive axles spaced within 9 feet or less	Four consec- utive axles spaced with- in 14 feet or less
0-2,000	.100	.040	.036

2,001-4,000	.124	.050	.044
4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200
90,001 - 100,000	\$300
100,001 - 110,000	\$400
110,001 - 120,000	\$500
120,001 - 130,000	\$600
130,001 - 140,000	\$700
140,001 - 145,000	\$800

If the gross weight of the vehicle is more than 145,000 pounds the permit fee is determined under paragraph (e).

(g) for vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

Sec. 4. [COST ALLOCATION STUDY.]

Subdivision 1. [STUDY REQUIRED.] The commissioner of transportation shall contract with a qualified and impartial consultant to conduct a study of how the costs of state and local highways in Minnesota, including costs and revenues attributable to federal aid programs, are allocated among users. This study shall:

(1) determine the costs of designing, constructing, administering, and maintaining state and local highways in Minnesota;

(2) determine the extent to which those costs are attributable to various classes of vehicles using those highways;

(3) determine the extent to which various classes of vehicles contribute revenue, including federal highway user taxes, for the design, construction, administration, and maintenance of those highways; and

(4) recommend changes in highway financing that would make the payments of various classes of vehicles for the design, construction, administration, and maintenance of state and local highways more nearly equal the costs those classes impose on those highways.

The commissioner shall regularly consult with the commissioner's motor carrier advisory board on the design of the request for proposals for the

study, the selection of the consultant to perform the study, and the periodic review and evaluation of the study.

Subd. 2. [REPORT.] The commissioner shall report the results of the study to the chairs of the senate and house of representatives committees on transportation not later than October 1, 1991."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "defining mobile cranes and providing for their maximum length; requiring a highway cost allocation study;"

Page 1, line 4, delete everything after the first comma and insert "sections 169.01, by adding a subdivision; 169.81, subdivision 2; and 169.86, subdivision 5."

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1358: A bill for an act relating to metropolitan airport planning; requiring various actions, plans, and reports by the metropolitan council and the metropolitan airports commission; establishing a state advisory council on metropolitan airport planning; providing for a study on the effects of a runway expansion at Airlake airport; proposing coding for new law in Minnesota Statutes, chapter 473.

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

Page 2, line 8, delete "3" and insert "4" and delete "4" and insert "5"

Page 4, after line 19, insert:

"Sec. 3. Minnesota Statutes 1988, section 473.608, subdivision 1, is amended to read:

Subdivision 1. The corporation, subject to the conditions and limitations prescribed by law, shall possess all the powers as a body corporate necessary and convenient to accomplish the objects and perform the duties prescribed by sections 473.601 to 473.679, including but not limited to those herein-after specified. These powers, except as ~~limited by section 473.622 otherwise provided in sections 473.601 to 473.679~~, may be exercised at any place within 35 miles of the city hall of either Minneapolis or St. Paul, and in the metropolitan area."

Page 5, line 13, delete "4" and insert "5"

Page 6, line 20, delete "4" and insert "5"

Page 7, line 12, delete "3" and insert "4"

Page 8, lines 1, 8, 11, 14, and 19, delete "4" and insert "5"

Page 9, line 24, delete "5" and insert "6"

Page 9, line 27, delete "3" and insert "4" and delete "4" and insert "5"

Page 10, line 29, delete "3" and insert "4"

Page 10, line 30, delete "4" and insert "5"

Page 11, line 10, delete "8" and insert "9"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "amending Minnesota Statutes 1988, sections 473.604, subdivision 1; 473.608, subdivision 1; and 473.621, subdivision 1a;"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1563: A bill for an act relating to motor vehicles; restricting access to registration information concerning passenger automobile lessees; amending Minnesota Statutes 1988, section 168.345.

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

Page 1, lines 10 and 11, strike "Notwithstanding the provisions of any other law,"

Page 1, line 15, before "Information" insert "The registrar may not furnish" and after "concerning" insert "registered owners of"

Page 1, line 16, delete "automobile owners" and insert "automobiles"

Page 1, line 17, delete "may not be furnished"

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

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

S.F. No. 652: A bill for an act relating to the workers' compensation court of appeals; regulating salary, appointment, terms, confirmation, and qualifications of judges; requiring appointment of a chief judge; increasing staff; appropriating money; amending Minnesota Statutes 1988, sections 175A.01; 175A.02; 175A.05; and 175A.07, 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 15A.083, subdivision 7, is amended to read:

Subd. 7. [WORKERS' COMPENSATION COURT OF APPEALS AND COMPENSATION JUDGES.] (a) Salaries of judges of the workers' compensation court of appeals shall be 90 percent of the salary for district court judges as provided in under section 15A.082, subdivision 3; except that, the salary of the chief judge shall be 95 percent of the salary for district court judges.

(b) Salaries of compensation judges shall be 75 percent of the salary of

district court judges as provided ~~in~~ under section 15A.082, subdivision 4 3. The chief workers' compensation settlement judge at the department of labor and industry may be paid an annual salary that is up to five percent greater than the salary of workers' compensation settlement judges at the department of labor and industry.

Sec. 2. Minnesota Statutes 1988, section 175A.01, is amended to read:
175A.01 [CREATION.]

Subdivision 1. [~~ESTABLISHMENT; MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.~~] The workers' compensation court of appeals as previously constituted is reconstituted as an independent agency in the executive branch.

The ~~workers' compensation court of appeals~~ shall consist of five judges, each serving in the unclassified service. ~~The five judges shall be learned in the law.~~

Subd. 2. [APPOINTMENT; TERMS; LIMITATION.] Each judge ~~of the workers' compensation court of appeals~~ shall be appointed by the governor, ~~by and with the advice and consent of the senate,~~ for a term of six years commencing at the expiration of the preceding term. Any vacancy shall be filled by the governor for the unexpired term, ~~subject to confirmation by the senate.~~ The terms of the judges shall expire on the first Monday in January of the year in which they expire. The terms of the judges shall be staggered. ~~The judges of the workers' compensation court of appeals as now created shall be the judges of the workers' compensation court of appeals until the expiration of the terms for which they have been appointed and qualified. They shall be selected on the basis of their experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota.~~

Subd. 3. [CONFIRMATION; RECONFIRMATION.] (a) *Appointments to the court are subject to confirmation by the senate.*

(b) *A judge is subject to reconfirmation by the senate after two years of the judge's term have elapsed. The governor may submit a recommendation at that time either supporting or opposing reconfirmation. If the senate reconfirms, the judge may continue to serve the remaining balance of the unexpired term. If the senate rejects reconfirmation, the judge shall not continue to serve and the vacancy shall be filled by the governor for the unexpired term.*

(c) *Reappointments are subject to confirmation by the senate, but they are not subject to reconfirmation as provided under paragraph (b) unless the reappointed judge was initially appointed to fill a vacancy for an unexpired term having less than two years remaining.*

Subd. 4. [QUALIFICATIONS.] *To qualify for appointment to the court, a candidate shall be learned in the law, have been licensed to practice law for at least five years, and have experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota.*

Subd. 5. [ADVISORY COMMITTEE.] *The governor, speaker of the house, and majority leader of the senate shall each appoint two members to a six-member advisory committee to screen applicants for appointment to the court and to recommend at least three qualified candidates per vacancy. The committee shall be appointed and subject to the provisions of section 15.059, subdivisions 1, 2, 3, 4, and 6. The membership shall*

fairly represent the diverse groups having an interest in the efficient, just, and equitable administration of the state's workers' compensation laws, and the dispute resolution process thereunder.

Subd. 6. [STANDARDS OF CONDUCT.] The judges of the workers' compensation court of appeals shall be subject to the provisions of the Minnesota Constitution, article VI, section 6, the jurisdiction of the commission on judicial standards, as provided in sections 490.15 and 490.16, and the provisions of the code of judicial conduct.

Subd. 2 7. [JURISDICTION.] The workers' compensation court of appeals shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the workers' compensation court of appeals shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the workers' compensation laws of the state in those cases that have been appealed to the workers' compensation court of appeals and in any case that has been transferred by the district court to the workers' compensation court of appeals. The workers' compensation court of appeals shall have no jurisdiction in any case that does not arise under the workers' compensation laws of the state or in any criminal case, provided that the workers' compensation court of appeals shall exercise appellate jurisdiction under the laws governing employees of the state, a county, or other governmental subdivision who contract tuberculosis and under chapter 352E.

Subd. 3 8. [OATH.] Each judge of the workers' compensation court of appeals before entering upon the duties of office, shall take the oath prescribed by law.

Sec. 3. Minnesota Statutes 1988, section 175A.02, is amended to read:

175A.02 [ADMINISTRATIVE OFFICERS.]

Subdivision 1. [WCCA; CHIEF JUDGE.] ~~The judges of the workers' compensation court of appeals~~ *governor shall choose designate a chief judge from among their number the judges. The chief judge shall appoint one of the judges to serve as the administrator, who shall be have overall responsibility for administration of the court, including acting as custodian of the court's files and records and shall coordinate and make coordinator of hearing assignments. The chief judge who is appointed the administrator may delegate the duties of administrator to an employee chosen to be the appoint an assistant administrator to assist the judge in the performance of administrative duties. The chief judge shall also have responsibility for oversight of other judges and court personnel with respect to timely performance of duties in a professional manner.*

Subd. 2. [DISTRICT COURTS.] The court administrator of district court in each county shall be the court administrator of the workers' compensation court of appeals in that county. Filing fees and library fees deposited with the court administrator of district court in the capacity as clerk of the workers' compensation court of appeals and in cases originally commenced in district court and transferred to the workers' compensation court of appeals shall be retained by the court administrator of district court. The workers' compensation court of appeals court administrator in each county shall be subject to the supervision of the ~~administrator~~ *chief judge appointed under subdivision 1* in workers' compensation court of appeals matters.

Sec. 4. Minnesota Statutes 1988, section 175A.05, is amended to read:

175A.05 [QUORUM.]

A majority of the judges of the workers' compensation court of appeals shall constitute a quorum for the exercise of the powers conferred and the duties imposed on the workers' compensation court of appeals except that all appeals shall be heard by no more than a panel of three of the five judges unless the ~~appeal case appealed~~ is determined to be of exceptional importance by a ~~four-fifths~~ *three-fifths* vote of the judges *prior to assignment of the case to a panel, or by the chief judge either before the case is assigned to a panel or after the case has been considered by the panel but prior to the service and filing of the decision.* A vacancy shall not impair the ability of the remaining judges of the workers' compensation court of appeals to exercise all the powers and perform all of the duties of the workers' compensation court of appeals.

Sec. 5. Minnesota Statutes 1988, section 175A.07, subdivision 2, is amended to read:

Subd. 2. [PERSONNEL.] ~~The judges~~ *chief judge* of the workers' compensation court of appeals shall appoint in the manner provided by law all personnel required by the workers' compensation court of appeals; *except that, each judge shall appoint the judge's own law clerk. The law clerks are in the unclassified service.* The commissioner of administration shall provide the court with necessary additional staff and administrative services, and the court shall reimburse the commissioner for the cost of these services.

Sec. 6. [STATUS OF CURRENT JUDGES.]

Notwithstanding Minnesota Statutes, section 175A.01, subdivision 2, judges currently serving on the workers' compensation court of appeals who are reappointed are subject to confirmation by the senate, but not reconfirmation as provided under section 175A.01, subdivision 3.

Sec. 7. [APPROPRIATION.]

\$270,000 is appropriated from the special compensation fund for fiscal year 1990, and \$235,000 for fiscal year 1991, to the workers' compensation court of appeals to provide additional staff and operations support to the court. The approved complement of the court is increased by seven.

Sec. 8. [EFFECTIVE DATE.]

This act is effective July 1, 1989."

Amend the title as follows:

Page 1, line 7, after "sections" insert "15A.083, subdivision 7;"

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 836: A bill for an act relating to human services; providing requirements for licensing under the human services licensing act; amending Minnesota Statutes 1988, sections 144A.01, subdivision 5; 245.73, subdivisions 1 and 2; 245A.02, subdivisions 3, 9, 10, 14, and by adding a subdivision; 245A.03, subdivisions 1, 2, and 3; 245A.04, subdivisions 1, 3, 5, 6, 7, and by adding subdivisions; 245A.06, subdivisions 1, 5, and

by adding a subdivision; 245A.07, subdivision 2; 245A.08, subdivision 5; 245A.12; 245A.13; 245A.14, subdivision 3; and 245A.16, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 144A.01, subdivision 5, is amended to read:

Subd. 5. "Nursing home" means a facility or that part of a facility which provides nursing care to five or more persons. "Nursing home" does not include a facility or that part of a facility which is a hospital, a hospital with approved swing beds as defined in section 144.562, clinic, doctor's office, diagnostic or treatment center, or a residential ~~facility~~ *program* licensed pursuant to sections ~~245.781 to 245.812~~ *245A.01 to 245A.16* or 252.28.

Sec. 2. Minnesota Statutes 1988, section 245.73, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S DUTY.] The commissioner shall establish a statewide program to assist counties in ensuring provision of services to adult mentally ill persons. The commissioner shall make grants to county boards to provide community based services to mentally ill persons through ~~facilities~~ *programs* licensed under sections ~~245.781 to 245.812~~ *245A.01 to 245A.16*.

Sec. 3. Minnesota Statutes 1988, section 245.73, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; CRITERIA.] County boards may submit an application and budget for use of the money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner for residential ~~facilities~~ *programs* for adult mentally ill persons to meet licensing requirements pursuant to sections ~~245.781 to 245.812~~ *245A.01 to 245A.16*. Funds shall not be used to supplant or reduce local, state, or federal expenditure levels supporting existing resources unless the reduction in available monies is the result of a state or federal decision not to refund an existing program. State funds received by a county pursuant to this section shall be used only for direct service costs. Both direct service and other costs, including but not limited to renovation, construction or rent of buildings, purchase or lease of vehicles or equipment as required for licensure as a ~~facility~~ *residential program* for adult mentally ill persons under sections ~~245.781 to 245.812~~ *245A.01 to 245A.16*, may be paid out of the matching funds required under subdivision 3. Neither the state funds nor the matching funds shall be used for room and board costs.

Sec. 4. Minnesota Statutes 1988, section 245A.02, subdivision 3, is amended to read:

Subd. 3. [APPLICANT.] "Applicant" means an individual, corporation, partnership, voluntary association, *controlling individual*, or other organization that has applied for licensure under sections 245A.01 to 245A.16 and the rules of the commissioner.

Sec. 5. Minnesota Statutes 1988, section 245A.02, is amended by adding a subdivision to read:

Subd. 5a. [CONTROLLING INDIVIDUAL.] "Controlling individual" means a public body, governmental agency, business entity, officer, program administrator, or director whose responsibilities include the direction of the management or policies of a program. Controlling individual also means an individual who, directly or indirectly, beneficially owns an interest in a corporation, partnership, or other business association that is a controlling individual. Controlling individual does not include:

(1) a bank, savings bank, trust company, building and loan association, savings and loan association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity operates a program directly or through a subsidiary;

(2) an individual who is a state or federal official, or state or federal employee, or a member or employee of the governing body of a political subdivision of the state or federal government that operates one or more programs, unless the individual is also an officer or director of the program, receives remuneration from the program, or owns any of the beneficial interests not excluded in this subdivision;

(3) an individual who owns less than five percent of the outstanding common shares of a corporation:

(i) whose securities are exempt under section 80A.15, subdivision 1, clause (f); or

(ii) whose transactions are exempt under section 80A.15, subdivision 2, clause (b); or

(4) an individual who is a member of an organization exempt from taxation under section 290.05, unless the individual is also an officer or director of the program or owns any of the beneficial interests not excluded in this subdivision. This clause does not exclude from the definition of controlling individual an organization that is exempt from taxation.

Sec. 6. Minnesota Statutes 1988, section 245A.02, subdivision 9, is amended to read:

Subd. 9. [LICENSE HOLDER.] "License holder" means an individual, corporation, partnership, voluntary association, or other organization that is legally responsible for the operation of the program ~~and~~, has been granted a license by the commissioner under sections 245A.01 to 245A.16 and the rules of the commissioner, ~~and is a controlling individual.~~

Sec. 7. Minnesota Statutes 1988, section 245A.02, subdivision 10, is amended to read:

Subd. 10. [NONRESIDENTIAL PROGRAM.] "Nonresidential program" means care, supervision, rehabilitation, training or habilitation of a person provided outside the person's own home and provided for fewer than 24 hours a day, including adult day care programs; a nursing home that receives public funds to provide services for five or more persons whose primary diagnosis is mental retardation or a related condition or mental illness and who do not have a significant physical or medical problem that necessitates nursing home care; a nursing home or hospital that was licensed by the commissioner on July 1, 1987, to provide a program for persons with a physical handicap that is not the result of the normal aging process and considered to be a chronic condition; and chemical dependency or chemical abuse programs that are located in a nursing home or hospital

and receive public funds for providing chemical abuse or chemical dependency treatment services under chapter 254B. Nonresidential programs include home and community-based services and semi-independent living services for persons with mental retardation *or a related condition* that are provided in or outside of a person's own home.

Sec. 8. Minnesota Statutes 1988, section 245A.02, subdivision 14, is amended to read:

Subd. 14. [RESIDENTIAL PROGRAM.] "Residential program" means a program that provides 24-hour-a-day care, supervision, food, lodging, rehabilitation, training, education, habilitation, or treatment outside a person's own home, including a nursing home or hospital that receives public funds, administered by the commissioner, to provide services for five or more persons whose primary diagnosis is mental retardation *or a related condition* or mental illness and who do not have a significant physical or medical problem that necessitates nursing home care; *a program in an intermediate care facility for four or more persons with mental retardation or a related condition*; a nursing home or hospital that was licensed by the commissioner on July 1, 1987, to provide a program for persons with a physical handicap that is not the result of the normal aging process and considered to be a chronic condition; and chemical dependency or chemical abuse programs that are located in a hospital or nursing home and receive public funds for providing chemical abuse or chemical dependency treatment services under chapter 254B. Residential programs include home and community-based services and semi-independent living services for persons with mental retardation *or a related condition* that are provided in or outside of a person's own home.

Sec. 9. Minnesota Statutes 1988, section 245A.03, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] Unless licensed by the commissioner, an individual, corporation, partnership, voluntary association ~~or~~, other organization, *or controlling individual* must not:

- (1) operate a residential or a nonresidential program;
- (2) receive a child or adult for care, supervision, or placement in foster care or adoption;
- (3) help plan the placement of a child or adult in foster care or adoption; or
- (4) advertise *a* residential or nonresidential program.

Sec. 10. Minnesota Statutes 1988, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

- (1) residential or nonresidential programs that are provided to a person by an individual who is related;
- (2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;
- (3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional

impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten special education programs that are operated by the commissioner of education or a school as defined in section 120.101, subdivision 4;

(6) nonresidential programs for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building or present on property that is contiguous with the physical facility where the nonresidential program is provided;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, ~~1989~~ 1990;

(9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;

(12) programs ~~not located in family or group family day care homes whose primary purpose is to provide social or recreational activities outside of the regular school day for adults or school-age children age five and older, until such time as appropriate rules have been adopted by the commissioner such as scouting, boys clubs, girls clubs, sports, or the arts, except that if a program is operating in a school building, the program is not excluded unless the program is approved by the district's school board;~~

(13) head start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period; ~~or~~

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) *the religious instruction of school-age children; Sabbath or Sunday schools; nonresidential programs for children that are operated by a church or religious organization solely for the purpose of providing instruction in religious doctrine; or the congregated care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;*

(18) *camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;*

(19) until July 1, 1991, nonresidential programs for persons with mental illness; or

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules.

Sec. 11. Minnesota Statutes 1988, section 245A.03, subdivision 3, is amended to read:

Subd. 3. [UNLICENSED PROGRAMS.] (a) It is a misdemeanor for an individual, corporation, partnership, voluntary association, ~~or~~ other organization, *or a controlling individual* to provide a residential or nonresidential program without a license and in willful disregard of sections 245A.01 to 245A.16 unless the program is excluded from licensure under subdivision 2.

(b) If, after receiving notice that a license is required, the individual, corporation, partnership, voluntary association, ~~or~~ other organization, *or controlling individual* has failed to apply for a license, the commissioner may ask the appropriate county attorney or the attorney general to begin proceedings to secure a court order against the continued operation of the program. The county attorney and the attorney general have a duty to cooperate with the commissioner.

Sec. 12. Minnesota Statutes 1988, section 245A.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION FOR LICENSURE.] (a) An individual, corporation, partnership, voluntary association, ~~or~~ other organization *or controlling individual that is* subject to licensure under section 245A.03 must apply for a license. The application must be made on the forms and in the manner prescribed by the commissioner. The commissioner shall provide the applicant with instruction in completing the application and provide information about the rules and requirements of other state agencies that affect the applicant.

The commissioner shall act on the application within 90 working days after a complete application and any required reports have been received from other state agencies or departments, counties, municipalities, or other political subdivisions.

(b) An application for licensure must specify one or more controlling individuals as an agent who is responsible for dealing with the commissioner of human services on all matters provided for in this chapter and on whom service of all notices and orders must be made. The agent must be authorized to accept service on behalf of all of the controlling individuals of the program. Service on the agent is service on all of the controlling individuals of the program. It is not a defense to any action arising under this chapter that service was not made on each controlling individual of the program. The designation of one or more controlling individuals as agents under this paragraph does not affect the legal responsibility of any other controlling individual under this chapter.

Sec. 13. Minnesota Statutes 1988, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before ~~issuing~~ *the commissioner issues* a license, the commissioner shall conduct a study of the ~~applicant~~ *individuals specified in clauses (1) to (4) according to rules of*

the commissioner. The applicant, license holder, the bureau of criminal apprehension, county attorneys, county sheriffs, and county agencies, and local chiefs of police, after written notice to the individual who is the subject of the data study, shall help with the study by giving the commissioner criminal conviction data, arrest information, and reports about abuse or neglect of children or adults, and investigation results available from local, state, and national criminal record repositories, including the criminal justice data communications network, about substantiated under section 626.557 and the maltreatment of minors substantiated under section 626.556. The following individuals must be studied:

(1) the applicant;

(2) persons over age 13 who are living in the household where the licensed program will be provided;

(3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and

(4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

The commissioner and agencies required to help conduct the study may charge the applicant or the subject of the data a reasonable fee for conducting the study.

(b) *For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in paragraph (a), clause (1) or (3), is within sight or hearing of a volunteer to the extent that the individual listed in paragraph (a), clause (1) or (3), is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.*

(c) *A study of an individual in paragraph (a), clauses (1) to (4), must be conducted on at least an annual basis. No applicant, license holder, or individual who is the subject of the study may be required to pay any fees required to conduct the study.*

(d) *The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which is optional for the individual to provide, such as the individual's social security number or race.*

(e) *A study must meet the following minimum criteria:*

(1) *if the subject of the data has resided in the same county for at least the past five years, the study must include information from the county sheriff, the local chief of police, and the county agency*

(2) *if the subject of the data has resided in the state, but not in the same county, for the past five years, the study must include agency's record of substantiated abuse of adults, neglect of adults, and the maltreatment of*

minors, and information from the agencies listed in clause (1) and the bureau of criminal apprehension; and

(3) if the subject of the data has not resided in the state for at least five years, the study must include information from the agencies listed in clauses (1) and (2) and the national criminal records repository and the state law enforcement agencies in the states where the subject of the data has maintained a residence during the past five years. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(e) (f) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke or ~~suspend~~ a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(d) (g) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(h) No person in paragraph (a), clause (1), (2), (3), or (4), who is disqualified as a result of this act may be retained by the agency in a position involving direct contact with persons served by the program.

(i) The commissioner shall not implement the procedures contained in this subdivision until appropriate rules have been adopted, except for the applicants and license holders for child foster care, adult foster care, and family day care homes.

(j) Applicants or license holders are not civilly liable for termination of persons in paragraph (a), clause (1), (2), (3), or (4), made in good faith reliance on a notice of disqualification provided by the commissioner.

(k) The commissioner may establish records to fulfill the requirements of this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

Sec. 14. Minnesota Statutes 1988, section 245A.04, is amended by adding a subdivision to read:

Subd. 3a. [NOTIFICATION TO SUBJECT OF STUDY RESULTS.] The commissioner shall notify the applicant or license holder and the individual who is the subject of the study, in writing, of the results of the study. When the study is completed, a notice that the study was undertaken and completed must be maintained in the personnel files of the program. The commissioner shall notify the individual studied if the information contained in the study could cause disqualification from direct contact with persons served by the program. The commissioner shall disclose the information to the individual studied. An applicant or license holder who is not the subject of the study must be informed that the commissioner has found information that could cause disqualification of the subject from direct contact with persons served by the program. However, the applicant or

license holder may not be told what that information is unless the data practices act provides for release of the information and the individual studied authorizes the release of the information.

Sec. 15. Minnesota Statutes 1988, section 245A.04, is amended by adding a subdivision to read:

Subd. 3b. [RECONSIDERATION OF DISQUALIFICATION.] (a) Within 30 days after receiving notice of possible disqualification under subdivision 3a, the individual who is the subject of the study may request reconsideration of the notice of possible disqualification. The individual must submit the request for reconsideration to the commissioner in writing. The individual must present information to show that:

(1) the information the commissioner relied upon is incorrect; or

(2) the subject of the study does not pose a risk of harm to any person served by the applicant or license holder.

(b) The commissioner may set aside the disqualification if the commissioner finds that the information the commissioner relied upon is incorrect or the individual does not pose a risk of harm to any person served by the applicant or license holder and rules adopted by the commissioner do not preclude reconsideration. The commissioner shall review the consequences of the event or events that could lead to disqualification, the vulnerability of the victim at the time of the event, the time elapsed without a repeat of the same or similar event, and documentation of successful completion by the individual studied of training or rehabilitation pertinent to the event.

(c) The commissioner shall respond in writing to all reconsideration requests within 15 working days after receiving the request for reconsideration. If the disqualification is set aside, the commissioner shall notify the applicant or license holder in writing of the decision.

(d) Except as provided in subdivision 3c, the commissioner's decision to grant or deny a reconsideration of disqualification under this subdivision, or to set aside or uphold the results of the study under subdivision 3, is the final administrative agency action.

(e) Persons whose employment is terminated based on a notice of disqualification from the commissioner are not eligible for benefits under sections 268.03 to 268.231 with respect to the individual's unemployment, if the disqualification resulted from "gross misconduct" as defined in section 268.09, subdivision 1, clause (d), or if the disqualification resulted from an act of "abuse" of a "vulnerable adult," as defined in section 626.557, or "sexual abuse" or "physical abuse" of a child as defined in section 626.556.

Sec. 16. Minnesota Statutes 1988, section 245A.04, is amended by adding a subdivision to read:

Subd. 3c. [CONTESTED CASE.] If a disqualification is not set aside, a person who, on or after the effective date of rules adopted under subdivision 3, paragraph (i), is an employee of an employer, as defined in section 179A.03, subdivision 15, may request a contested case hearing under chapter 14. Rules adopted under this chapter may not preclude an employee in a contested case hearing for disqualification from submitting evidence concerning information gathered under subdivision 3, paragraph (e).

Sec. 17. Minnesota Statutes 1988, section 245A.04, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER'S RIGHT OF ACCESS.] When the commissioner is exercising the powers conferred by sections 245A.01 to 245A.15, the commissioner must be given access to the physical plant and grounds where the program is provided, documents, persons served by the program, and staff whenever the program is in operation and the information is relevant to inspections or investigations conducted by the commissioner. The commissioner must be given access without prior notice and as often as the commissioner considers necessary if the commissioner is conducting an investigation of allegations of abuse, neglect, *maltreatment*, or other violation of applicable laws or rules. In conducting inspections, the commissioner may request and shall receive assistance from other state, county, and municipal governmental agencies and departments. The applicant or license holder shall allow the commissioner to photocopy, photograph, and make audio and video tape recordings during the inspection of the program at the commissioner's expense. The commissioner shall obtain a court order or the consent of the subject of the records or the parents or legal guardian of the subject before photocopying hospital medical records.

Persons served by the program have the right to refuse to consent to be interviewed, photographed, or audio or videotaped. Failure or refusal of an applicant or license holder to fully comply with this subdivision is reasonable cause for the commissioner to deny the application or immediately suspend or revoke the license.

Sec. 18. Minnesota Statutes 1988, section 245A.04, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER'S EVALUATION.] Before granting, suspending, revoking, or making probationary a license, the commissioner shall evaluate information gathered under this section. The commissioner's evaluation shall consider facts, conditions, or circumstances concerning the program's operation, the well-being of persons served by the program, consumer evaluations of the program, and information about the character and qualifications of the personnel employed by the applicant or license holder.

The commissioner shall evaluate the results of the study required in subdivision 3 and determine whether a risk of harm to the persons served by the program exists. In conducting this evaluation, the commissioner shall apply the disqualification standards set forth in rules adopted under this chapter. If any rule currently does not include these disqualification standards, the commissioner shall apply the standards in section 364.03, subdivision 2 3, until the rule is revised to include disqualification standards. The commissioner shall revise all rules authorized by this chapter to include disqualification standards. *Prior to the adoption of rules establishing disqualification standards, the commissioner shall forward the proposed rules to the commissioner of human rights for review and recommendation concerning the protection of individual rights. The recommendation of the commissioner of human rights is not binding on the commissioner of human services.* The provisions of chapter 364 do not apply to applicants or license holders governed by sections 245A.01 to 245A.16 except as provided in this subdivision.

Sec. 19. Minnesota Statutes 1988, section 245A.04, subdivision 7, is amended to read:

Subd. 7. [ISSUANCE OF A LICENSE; PROVISIONAL LICENSE.] (a) If the commissioner determines that the program complies with all applicable rules and laws, the commissioner shall issue a license. At minimum, the license shall state:

- (1) the name of the license holder;
- (2) the address of the program;
- (3) the effective date and expiration date of the license;
- (4) the type of license;
- (5) the maximum number and ages of persons that may receive services from the program; and
- (6) any special conditions of licensure.

(b) The commissioner may issue a provisional license for a period not to exceed one year if:

(1) the commissioner is unable to conduct the evaluation or observation required by subdivision 4, paragraph (a), clauses (3) and (4), because the program is not yet operational;

(2) certain records and documents are not available because persons are not yet receiving services from the program; and

(3) the applicant complies with applicable laws and rules in all other respects.

A provisional license must not be issued except at the time that a license is first issued to an applicant.

A license shall not be transferable to another individual, corporation, partnership, voluntary association ~~or~~, other organization, *or controlling individual*, or to another location. All licenses expire at 12:01 a.m. on the day after the expiration date stated on the license. A license holder must apply for and be granted a new license to operate the program or the program must not be operated after the expiration date.

Sec. 20. Minnesota Statutes 1988, section 245A.06, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS OF CORRECTION ORDERS.] (a) If the commissioner finds that the applicant or license holder has failed to comply with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a correction order to the applicant or license holder. The correction order must state:

- (1) the conditions that constitute a violation of the law or rule;
- (2) the specific law or rule violated; and
- (3) the time allowed to correct each violation.

(b) *Nothing in this section prohibits the commissioner from proposing a sanction as specified in section 245A.07, prior to issuing a correction order or fine.*

Sec. 21. Minnesota Statutes 1988, section 245A.06, subdivision 5, is amended to read:

Subd. 5. [FORFEITURE OF FINES.] The license holder shall pay the fines assessed ~~within 15 calendar days of receipt of notice of on or before the payment date specified in the commissioner's order.~~ If the license holder fails to fully comply with the order, the commissioner shall suspend the license until the license holder complies. If the license holder receives state funds, the state, county, or municipal agencies or departments responsible for administering the funds shall withhold payments and recover any payments made while the license is suspended for failure to pay a fine.

Sec. 22. Minnesota Statutes 1988, section 245A.06, is amended by adding a subdivision to read:

Subd. 5a. [ACCRUAL OF FINES.] A license holder shall promptly notify the commissioner of human services, in writing, when a violation specified in an order to forfeit is corrected. A fine assessed for a violation stops accruing when the commissioner receives the written notice. The commissioner shall reinspect the program within three working days after receiving the notice. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the order to forfeit, accrual of the daily fine resumes on the date of reinspection and the amount of fines that otherwise would have accrued between the date the commissioner received the notice and date of the reinspection is added to the total assessment due from the license holder. The commissioner shall notify the license holder by certified mail that accrual of the fine has resumed. The license holder may challenge the resumption in a contested case under chapter 14 by written request within 15 days after receipt of the notice of resumption. Recovery of the resumed fine must be stayed if a controlling individual or a legal representative on behalf of the license holder makes a written request for a hearing. The request for hearing, however, may not stay accrual of the daily fine for violations that have not been corrected. The cost of reinspection conducted under this subdivision for uncorrected violations must be added to the total amount of accrued fines due from the license holder.

Sec. 23. Minnesota Statutes 1988, section 245A.07, subdivision 2, is amended to read:

Subd. 2. [IMMEDIATE SUSPENSION IN CASES OF IMMINENT DANGER TO HEALTH, SAFETY, OR RIGHTS.] If the license holder's failure to comply with applicable law or rule has placed the health, safety, or rights of persons served by the program in imminent danger, the commissioner shall act immediately to suspend the license. No state funds shall be made available or be expended by any agency or department of state, county, or municipal government for use by a license holder regulated under sections 245A.01 to 245A.16 while a license is under immediate suspension. A notice stating the reasons for the immediate suspension and informing the license holder of the right to a contested case hearing under chapter 14 must be delivered by personal service to the address shown on the application or the last known address of the license holder. The license holder may appeal an order immediately suspending a license by notifying the commissioner in writing by certified mail within five calendar days after receiving notice that the license has been immediately suspended. A license holder and any controlling individual shall discontinue operation of the program upon receipt of the commissioner's order to immediately suspend the license.

Sec. 24. Minnesota Statutes 1988, section 245A.08, subdivision 5, is

amended to read:

Subd. 5. [NOTICE OF THE COMMISSIONER'S FINAL ORDER.] After considering the findings of fact, conclusions, and recommendations of the administrative law judge, the commissioner shall issue a final order. The commissioner shall consider, but shall not be bound by, the recommendations of the administrative law judge. The appellant must be notified of the commissioner's final order as required by chapter 14. The notice must also contain information about the appellant's rights under chapter 14. The institution of proceedings for judicial review of the commissioner's final order shall not stay the enforcement of the final order except as provided in section 14.65. A license holder *and each controlling individual of a license holder* whose license has been revoked because of noncompliance with applicable law or rule must not be granted a license for five years following the revocation.

Sec. 25. Minnesota Statutes 1988, section 245A.12, is amended to read:

245A.12 [VOLUNTARY RECEIVERSHIP FOR RESIDENTIAL FACILITIES PROGRAMS.]

A majority of controlling ~~persons~~ *individuals* of a residential program may at any time ask the commissioner to assume operation of the residential program through appointment of a receiver. On receiving the request for a receiver, the commissioner may enter into an agreement with a majority of controlling ~~persons~~ *individuals* and provide for the appointment of a receiver to operate the residential program under conditions acceptable to both the commissioner and the majority of controlling persons. The agreement must specify the terms and conditions of the receivership and preserve the rights of the persons being served by the residential program. A receivership set up under this section terminates at the time specified by the parties to the agreement or 30 days after either of the parties gives written notice to the other party of termination of the receivership agreement.

Sec. 26. Minnesota Statutes 1988, section 245A.13, is amended to read:

245A.13 [INVOLUNTARY RECEIVERSHIP FOR RESIDENTIAL FACILITIES PROGRAMS.]

Subdivision 1. [APPLICATION.] *In addition to any other remedy provided by law,* the commissioner may petition the district court in the county where the residential program is located for an order directing the controlling ~~persons~~ *individuals* of the residential program to show cause why the commissioner or the commissioner's designated representative should not be appointed receiver to operate the residential program. The petition to the district court must contain proof by affidavit: (1) that the commissioner has either begun license suspension or revocation proceedings, suspended or revoked a license, or *has decided to deny an application for licensure of the residential program;* or (2) *it appears to the commissioner that the health, safety, or rights of the residents may be in jeopardy because of the manner in which the residential program may close, the residential program's financial condition, or violations committed by the residential program of federal or state laws or rules.* If the license holder ~~or~~, applicant, or controlling individual operates more than one residential program, the commissioner's petition must specify and be limited to the residential program for which ~~the commissioner has either begun license suspension or revocation proceedings, suspended or revoked a license, or has decided to~~

~~deny an application for licensure of the residential program it seeks receivership. The affidavit submitted by the commissioner must set forth alternatives to receivership that have been considered, including rate adjustments. The order to show cause is returnable not less than five days after service is completed and must provide for personal service of a copy to the residential program administrator and to the persons designated as agents by the controlling persons individuals to accept service on their behalf.~~

Subd. 2. [APPOINTMENT OF RECEIVER; RENTAL.] If the court finds that involuntary receivership is necessary as a means of protecting the health, safety, or rights of persons being served by the residential program, the court shall appoint ~~the commissioner or the commissioner's designated representative~~ as a receiver to operate the residential program. *In the event that no receiver can be found who meets the conditions of this section, the commissioner or commissioner's designated representative may serve as the receiver.* The court shall determine a fair monthly rental for the physical plant, taking into account all relevant factors ~~including necessary to meet required arms-length obligations of controlling individuals such as mortgage payments, real estate taxes, special assessments, and the conditions of the physical plant.~~ The rental fee must be paid by the receiver to the appropriate controlling ~~persons individuals~~ for each month that the receivership remains in effect. No payment made to a controlling ~~person individual~~ by the receiver or any state agency during a period of involuntary receivership shall include any allowance for profit or be based on any formula that includes an allowance for profit.

Subd. 3. [POWERS AND DUTIES OF THE RECEIVER.] Within ~~48~~ 36 months after the receivership order, a receiver appointed to operate a residential program during a period of involuntary receivership shall provide for the orderly transfer of the persons served by the residential program to other residential programs or make other provisions to protect their health, safety, and rights. The receiver shall correct or eliminate deficiencies in the residential program that the commissioner determines endanger the health, safety, or welfare of the persons being served by the residential program unless the correction or elimination of deficiencies involves major alteration in the structure of the physical plant. If the correction or elimination of the deficiencies requires major alterations in the structure of the physical plant, the receiver shall take actions designed to result in the immediate transfer of persons served by the residential program. During the period of the receivership, the receiver shall operate the residential program in a manner designed to ~~guarantee~~ *preserve* the health, safety, rights, adequate care, and supervision of the persons served by the residential program. The receiver may make contracts and incur lawful expenses. The receiver shall collect incoming payments from all sources and apply them to the cost incurred in the performance of the receiver's functions including the receiver's fee set under subdivision 4. No security interest in any real or personal property comprising the residential program or contained within it, or in any fixture of the physical plant, shall be impaired or diminished in priority by the receiver. The receiver shall pay all valid obligations of the residential program and may deduct these expenses, if necessary, from rental payments owed to any controlling ~~person individual~~ by virtue of the receivership.

Subd. 4. [RECEIVER'S FEE; LIABILITY; ASSISTANCE FROM THE COMMISSIONER.] A receiver appointed under an involuntary receivership is entitled to a reasonable receiver's fee as determined by the court. *The*

receiver's fee is governed by section 256B.495. The receiver is liable only in an official capacity for injury to person and property by reason of the conditions of the residential program. The receiver is not personally liable, except for gross negligence and intentional acts.

Subd. 5. [TERMINATION.] *An involuntary receivership terminates ~~42~~ 36 months after the date on which it was ordered or at any other time designated by the court or when any of the following events occurs:*

(1) the commissioner determines that the residential program's license application should be granted or should not be suspended or revoked;

(2) a new license is granted to the residential program; or

(3) the commissioner determines that all persons residing in the residential program have been provided with alternative residential programs.

Subd. 6. [EMERGENCY PROCEDURE.] *If it appears from the petition filed under subdivision 1, from an affidavit or affidavits filed with the petition, or from testimony of witnesses under oath if the court determines it necessary, that there is probable cause to believe that an emergency exists in a residential program, the court shall issue a temporary order for appointment of a receiver within five days after receipt of the petition. Notice of the petition must be served on the residential program administrator and on the persons designated as agents by the controlling individuals to accept service on their behalf. A hearing on the petition must be held within five days after notice is served unless the administrator or designated agent consents to a later date. After the hearing, the court may continue, modify, or terminate the temporary order.*

Subd. 7. [RATE RECOMMENDATION.] *The commissioner of human services may review rates of a residential program participating in the medical assistance program which is in involuntary receivership and that has needs or deficiencies documented by the department of health or the department of human services. If the commissioner of human services determines that a review of the rate established under section 256B.501 is needed, the commissioner shall:*

(1) review the order or determination that cites the deficiencies or needs; and

(2) determine the need for additional staff, additional annual hours by type of employee, and additional consultants, services, supplies, equipment, repairs, or capital assets necessary to satisfy the needs or deficiencies.

Subd. 8. [ADJUSTMENT TO THE RATE.] *Upon review of rates under subdivision 7, the commissioner may adjust the residential program's payment rate. The commissioner shall review the circumstances, together with the residential program cost report, to determine whether or not the deficiencies or needs can be corrected or met by reallocating residential program staff, costs revenues, or other resources including any investments, efficiency incentives, or allowances. If the commissioner determines that any deficiency cannot be corrected or the need cannot be met, the commissioner shall determine the payment rate adjustment by dividing the additional annual costs established during the commissioner's review by the residential program's actual resident days from the most recent desk-audited cost report or the estimated resident days in the projected receivership period. The payment rate adjustment must meet the conditions in Minnesota Rules, parts 9553.0010 to 9553.0080, and remains in effect*

during the period of the receivership or until another date set by the commissioner. Upon the subsequent sale or transfer of the residential program, the commissioner may recover amounts that were paid as payment rate adjustments under this subdivision. The buyer or transferee shall repay this amount to the commissioner within 60 days after the commissioner notifies the buyer or transferee of the obligation to repay. This provision does not limit the liability of the seller to the commissioner pursuant to section 256B.0641.

Sec. 27. Minnesota Statutes 1988, section 245A.14, subdivision 3, is amended to read:

Subd. 3. [CONDITIONAL LICENSE.] Until such time as the commissioner adopts appropriate rules for conditional licenses, no license holder or applicant for a family or group family day care license is required to spend more than \$100 to meet fire safety rules in excess of those required to meet Group "R" occupancies under the Uniform Building Code, chapter 12, as incorporated by reference in Minnesota Rules, part 1305.0100.

When the commissioner determines that an applicant or license holder of a family or group family day care license would be required to spend over \$100 for physical changes to ensure fire safety, the commissioner may issue a conditional license when all of the following conditions have been met:

(a) The commissioner shall notify the ~~provider~~ license holder or applicant in writing of the fire safety deficiencies.

(b) The commissioner shall notify the ~~provider~~ license holder or applicant in writing of alternative compliance standards that would correct deficiencies, if available.

(c) The ~~provider~~ license holder or applicant agrees in writing to notify each parent, on a form prescribed by the commissioner that requires the signature of the parent, of the fire safety deficiencies, and the existence of the conditional license.

Sec. 28. Minnesota Statutes 1988, section 245A.14, is amended by adding a subdivision to read:

Subd. 6. [LICENSING OF DROP-IN DAY CARE CENTERS FOR CHILDREN.] *In any rule adopted by the commissioner of human services to set standards for the operation of child care programs in a center, there may not be specific provisions to govern centers that provide only drop-in care. For purposes of this section, "drop-in care" means care provided by a program that operates for more than 30 days in any 12-month period; is not excluded by section 245A.03, subdivision 2; provides care to an individual child for no more than a total of 30 hours in any calendar month; and does not have a regularly scheduled ongoing child care program with a stable enrollment. For centers that provide only drop-in care, the commissioner shall set flexible standards for permitting children of adjacent age groups to be cared for in the same day care group and shall set reduced staff distribution requirements. As long as one qualified teacher is on the premises of a center that provides only drop-in care with a licensed capacity of 30 or less while the center is open for drop-in care there need not be a head teacher for every age group. In centers that provide only drop-in care and that accept both infants and older children, infants can be supervised by assistant teachers as long as other staff are present in appropriate ratios as determined by the commissioner. For centers that provide only drop-in*

child care, the commissioner may establish lesser requirements for furnishings, equipment, materials, and supplies. The commissioner may exempt a center that provides only drop-in care from other standards governing child care centers, as long as those exemptions are specifically stated in the rule.

Sec. 29. Minnesota Statutes 1988, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. [DELEGATION OF AUTHORITY TO AGENCIES.] (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04, to recommend denial of applicants under section 245A.05, to recommend correction orders and fines under section 245A.06, or to recommend suspending, revoking, and making licenses probationary under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section.

(b) *By January 1, 1991, the commissioner shall study and make recommendations to the legislature regarding the licensing and provision of support services to child foster homes. In developing the recommendations, the commissioner shall consult licensed private agencies, county agencies, and licensed foster home providers.*

Sec. 30. Minnesota Statutes 1988, section 254A.08, subdivision 2, is amended to read:

Subd. 2. For the purpose of this section, a detoxification program means a social rehabilitation program established for the purpose of facilitating access into care and treatment by detoxifying and evaluating the person and providing entrance into a comprehensive program. ~~Such a~~ *Evaluation of the person shall include verification by a professional, after preliminary examination, that the person is intoxicated or has symptoms of chemical dependency and appears to be in imminent danger of harming self or others. A detoxification program shall have available the services of a licensed physician for medical emergencies and routine medical surveillance. A detoxification program licensed by the commissioner of human services to serve both adults and minors at the same site must provide separate sleeping areas for adults and minors.*

Sec. 31. [RULES FOR DROP-IN CARE.]

By April 1, 1990, the commissioner of human services must adopt permanent rules to amend Minnesota Rules, part 9503.0075, to bring that rule part into conformity with the requirements of section 28.

Sec. 32. [RULES PROVIDING VARIANCES.]

The commissioner of human services is authorized to amend Minnesota Rules, part 9503.0170, subpart 6, item D, to permit variances from the staff distribution requirements of part 9503.0040, subpart 2, item D; to permit variances from the age category grouping requirements of part 9503.0040, subpart 3, item B, subitem (1); and to permit variances from the transportation requirements of part 9503.0150, item E. Variance requests submitted to the commissioner according to the amendments authorized in this section must comply in all respects with the provisions of part 9503.0170, subpart 6, items A to C. The commissioner's authority to adopt rules under this section expires on April 1, 1990.

Sec. 33. [REPEALER.]

Laws 1987, chapter 403, article 5, section 1, is repealed.

Sec. 34. [EFFECTIVE DATE.]

Sections 28, 31, and 32, are effective the day after final enactment."

Amend the title as follows:

Page 1, line 12, after "3" insert ", and by adding a subdivision" and delete "and" and before the period, insert "; and 254A.08, subdivision 2; repealing Laws 1987, chapter 403, article 5, section 1"

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. 1022: A bill for an act relating to economic development; requiring a job impact statement of certain government units; providing prefeasibility study grants; requiring the legislative auditor to study economic development and training programs; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 268.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1 JOB IMPACT STATEMENT

Section 1. [268.452] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 2 to 4, the following terms have the meanings given them.

Subd. 2. [DEVELOPMENT.] "Development" means a commercial or industrial project that benefits from a governmental action or a project developed by a government unit, which will result or could potentially result in the displacement of jobs or which the parties involved claim to retain jobs or increase the number of jobs.

Subd. 3. [DISPLACEMENT.] "Displacement" means the loss of employment by an individual resulting from a governmental action. An individual is not displaced if the employment loss at the site is the result of the relocation or consolidation of part or all of the employer's operations, and prior to the closing, the government unit documents that: (1) the employer offers to transfer the individual to a different site of employment within a reasonable commuting distance or with the individual's consent, or (2) the employer's operations are relocated to a site within a reasonable commuting distance.

Subd. 4. [GOVERNMENTAL ACTION.] "Governmental action" means an effort made by a government unit to undertake, encourage, or promote development; or significantly restructure the administration or delivery of government services which could potentially result in a loss of jobs. These efforts include developments financed or administered directly by a government unit; a reduction in property taxes to encourage the development; and financial assistance through loans, loan guaranties, interest subsidies, tax increment financing, tax-exempt financing, grants, or other financing

tools utilized by a government unit to encourage development.

Subd. 5. [GOVERNMENT UNIT.] "Government unit" means any state agency defined in section 16A.011, subdivision 2, the greater Minnesota corporation, metropolitan agency defined in section 473.121, subdivision 5a, statutory or home rule charter city, county, town, watershed district organized under chapter 112, or local economic development agency. Local economic development agencies include entities or agencies authorized, organized, or created under chapter 469; and port authorities created by special law.

Subd. 6. [JOB IMPACT STATEMENT; STATEMENT.] "Job impact statement" or "statement" means the detailed job impact statement required under section 2.

Subd. 7. [RETAIN.] "Retain" means that without the governmental action, the job could not be continued.

Sec. 2. [268.453] [JOB IMPACT STATEMENT.]

Subdivision 1. [JOB IMPACT STATEMENT REQUIREMENT.] When it is determined by the government unit that a governmental action or development will result or could potentially result in the displacement of jobs or the parties involved in the development or governmental action claim it will retain or increase at least ten or more jobs, the government unit that is responsible for the governmental action must prepare a job impact statement before initiating the governmental action. If the responsible government unit does not prepare a statement, a person, community group, labor organization, or other organization may appeal to the commissioner to require the responsible government unit to prepare a statement. The commissioner must determine within ten working days if a statement is required; and if a statement is required, the commissioner shall require the responsible government unit to prepare a statement. When there is more than one government unit responsible for governmental actions affecting a specific development, the units involved must work together in preparing the statement. This government unit may request information from all government units involved in the development.

Subd. 2. [EXEMPTION.] No job impact statement is required if a government unit informs the commissioner that the governmental action under appeal is the result of a budgeting decision and the government unit has determined that the governmental action will not result in a significant restructuring of the administration or delivery of government services.

Subd. 3. [JOB IMPACT STATEMENT CONTENTS.] (a) A job impact statement required under subdivision 1 must include the following information:

(1) number and types of permanent jobs that will be displaced, retained, or created as a result of the development;

(2) actual or estimated wage rates and benefits of the permanent jobs that will be displaced, retained, or created;

(3) the total financial assistance provided by government units to the development; and

(4) past experience of parties involved in the development of meeting employment projections for other developments.

(b) In addition to the information required under paragraph (a), the following information must be included in the job impact statement when

there has been or potentially could be a displacement of jobs as a result of a governmental action or development:

(1) description of the demographic characteristics of the work force that could be displaced;

(2) description of skill levels and educational needs of the jobs that could be displaced;

(3) discussion of the likelihood of workers that may be displaced by the development of finding new jobs with comparable pay and benefits; and

(4) identification, if any, of alternatives to mitigate the job displacement due to the governmental action or development.

In preparing the information required under this subdivision, the commissioner must assist the government unit if requested by the unit.

Subd. 4. [PUBLIC COMMENT.] The government unit must distribute the job impact statement to labor unions or other employee representatives that might be affected by the governmental action, community-based organizations that have expressed an interest in the development, and other persons or organizations that request a copy of the job impact statement. In addition, the job impact statement must be posted for at least 30 days at the employment site where workers may be displaced as a result of the governmental action.

After the completion and distribution of the job impact statement, a public hearing must be held when the governmental action will result in the displacement of jobs. The appropriate governing board or senior official of the government unit must hold the public hearing on the completed statement prior to the government unit's approval of any development that receives or benefits from a governmental action. Notice of the public hearing must be provided in a qualified newspaper not less than ten days nor more than 30 days before the date of the hearing. After the public meeting and after any changes have been made as a result of testimony at the public hearing, the government unit must submit the statement to the commissioner.

Sec. 3. [268.454] [DISPLACED WORKER BENEFITS.]

If the statement finds that workers will be displaced or if the actual development or governmental action results in the displacement of existing workers, the government units responsible for the governmental action must secure necessary benefits for the displaced workers. The government units must assess which of the following benefits are required by the displaced workers:

(1) retraining and education expenses;

(2) relocation expenses;

(3) health insurance expenses;

(4) supplemental unemployment insurance payments;

(5) child care expenses when the displaced worker is enrolled in education or retraining; and

(6) emergency expenses for shelter, clothing, and food.

The government units must work with employment and training services providers, other government units, community organizations, labor organizations, and other organizations in securing the necessary benefits.

Sec. 4. [268.455] [REPORT.]

Subdivision 1. [GOVERNMENT UNIT REPORT.] Each government unit must submit a report to the commissioner by December 1 of each even-numbered year. The report must summarize all job impact statements completed during the previous two years. An explanation of any significant changes in actual employment and wage information compared to the jobs impact statement prepared for that development or governmental action in any of the three previous years must be included in the report.

Subd. 2. [COMMISSIONER'S REPORT.] The commissioner must submit a report to the governor and legislature by February 1 of every odd-numbered year that summarizes the results of the individual statements and the monitoring reports required in subdivision 1 submitted to the commissioner in the previous two years.

Sec. 5. [APPLICATION.]

Sections 1 to 4 do not apply to developments or governmental actions taken before the effective date of this article.

Sec. 6. [APPROPRIATION.]

\$ is appropriated from the general fund for the biennium ending June 20, 1991, to the commissioner of jobs and training to prepare the job impact summary report required under section 4.

ARTICLE 2 PREFEASIBILITY STUDIES

Section 1. [268.461] [PREFEASIBILITY STUDY GRANTS.]

Subdivision 1. [AUTHORIZATION.] The commissioner may make grants of up to \$10,000 to eligible organizations to provide an initial assessment of the feasibility of alternatives to announced potential, or actual plant closings. The alternatives may include employee ownership, other new ownership, new product or production process, or public assistance to keep a plant open. Two or more eligible organizations may jointly apply for a grant under this section. For purposes of this section, "eligible organization" means a home rule charter or statutory city, county, town, non-profit organization, community action agency, or labor or business organization.

Subd. 2. [APPLICATION PROCESS.] Applicants must submit a statement of need for a grant, information relating to the workforce at the plant, information of efforts to coordinate the community's response to the plant closing, and other information required by the commissioner. The commissioner shall respond to the applicant within five working days of receiving the organization's application. The commissioner must inform each organization that applied for but did not receive a grant the reasons for the grant not being awarded. The commissioner may request further information from those organizations that did not receive a grant, and the organization may reapply for the grant.

Subd. 3. [PREFEASIBILITY STUDY REQUIREMENTS.] The prefeasibility study may include the current and potential viability, profitability, and productivity of the establishment that may close and alternative uses for the establishment. The study is not to be a major examination of each possible alternative but is meant to quickly determine if further action or examination is possible or feasible. The prefeasibility study may contain:

(1) a description of the establishment's present products, production techniques, management structure, and history;

(2) a brief discussion of the feasibility of the various alternatives for ownership, production technique, and products;

(3) an estimate of the financing required to keep the establishment open and the potential sources of that financing;

(4) a description of the employer's, employees', and community's efforts to maintain the operation of the establishment;

(5) evidence of good faith efforts to demonstrate cooperation among labor, business, and affected community organizations to develop alternatives; and

(6) other information the commissioner may require.

Subd. 4. [ANNUAL REPORT.] The commissioner must provide a biennial report to the legislature on the prefeasibility study grant program.

Sec. 2. [APPROPRIATION; PREFEASIBILITY STUDY GRANTS.]

§ is appropriated from the general fund for the biennium ending June 20, 1991, to the commissioner of jobs and training for prefeasibility study grants.

ARTICLE 3

COMMUNITY AND EMPLOYEE BENEFIT PAYMENTS AS A RESULT OF PLANT CLOSINGS

Section 1. [268.981] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 1 to 9, the following terms have the meanings given them.

Subd. 2. [ACQUISITION.] "Acquisition" means a transaction where a person assumes control of a business entity either by (1) acquiring through the purchase or transfer of the stock and assets of another business entity, or (2) merging with another business entity. Acquisition includes mergers, corporate takeovers, and leveraged buyouts.

Subd. 3. [AFFECTED EMPLOYEE.] "Affected employee" means a worker laid off by an employer because of a plant closing or mass layoff.

Subd. 4. [CITY.] "City" means a home rule charter or statutory city.

Subd. 5. [COMMUNITY RESPONSE COMMITTEE.] "Community response committee" or "committee" is the community response committee established under section 3.

Subd. 6. [CONTROL.] "Control" means: (1) the ownership, direct, indirect, or by acting through one or more other persons, the control of, or the power to vote 25 percent or more of, any class of voting securities; (2) control in any manner over the election of a majority of the directors; or (3) the power to exercise, directly or indirectly, a controlling influence over management and policies.

Subd. 7. [EMPLOYER.] "Employer" means the person who, as a result of a merger, leveraged buyout, corporate takeover, or other acquisition, owns or operates an establishment within this state where the employment is (1) 25 or more employees, excluding part-time employees, or (2) 25 or more employees who in the aggregate work at least 1,000 hours per week

exclusive of hours of overtime. Employer does not include a unit of government or an organization that is exempt from taxation under section 501 of the Internal Revenue Code of 1986, as amended through December 31, 1988.

Subd. 8. [ESTABLISHMENT.] *"Establishment" means a single site of employment or one or more facilities or operating units within a single site of employment owned by an employer.*

Subd. 9. [MASS LAYOFF.] *"Mass layoff" means a reduction in the work force at an establishment, within three years of an acquisition by an employer, that:*

(1) is not the result of a plant closing; and

(2) results in an employment loss at the single site of employment or an establishment during any 30-day period for at least:

(i) 25 percent of the employees, excluding any part-time employees, and at least 25 employees, excluding any part-time employees; or

(ii) 50 employees, excluding any part-time employees.

Subd. 10. [PART-TIME EMPLOYEE.] *"Part-time employee" means an employee who is employed for an average of fewer than 20 hours per week in the three months preceding the date of plant closing or mass layoff or an employee who has been employed for fewer than six of the 12 months preceding the date of the plant closing or mass layoff.*

Subd. 11. [PERSON.] *"Person" means a person, organization, sole proprietorship, public or private corporation, partnership, or other business entity.*

Subd. 12. [PLANT CLOSING.] *"Plant closing" means the shutdown or termination of operations of an establishment, within three years of an acquisition by an employer, if the shutdown results in an employment loss at the single site of employment during any 30-day period for 25 or more employees, excluding any part-time employees.*

Subd. 13. [PUBLIC ASSISTANCE.] *"Public assistance" means financial assistance provided to a person by the state, city, county, or town. Financial assistance includes loans, grants, interest subsidies, property acquisition writedowns, tax credits, tax abatements, tax increment financing, interest cost savings from tax-exempt bonds and other securities issued on behalf of the employer, wage subsidies provided under this chapter, and utility connections paid by the public entity to the business entity.*

Sec. 2. [268.982] [EMPLOYER FINANCIAL RESPONSIBILITIES.]

Subdivision 1. [PAYMENT.] *An employer that engages in a plant closing or mass layoff within three years after an acquisition must pay the commissioner an amount equal to ten percent of the total wages and salaries paid to affected employees of the establishment during the 12 months prior to the plant closing or mass layoff. The payment must be made within two weeks of the date of the plant closing or mass layoff. The money collected under this subdivision may only be used for:*

(1) economic development planning grants under section 4, subdivision 1;

(2) emergency grants under section 4, subdivision 2;

(3) wage subsidies under section 4, subdivision 3; or

(4) administrative cost reimbursement under subdivision 2.

Subd. 2. [FISCAL AGENT.] The commissioner must act as the fiscal agent for the money and may disburse the money for eligible uses outlined under this section upon the recommendation of the community response committee established under section 3. Up to five percent of the money received under subdivision 1 may be used for the administrative costs.

Subd. 3. [PENALTY.] The commissioner may impose a penalty on an employer who willfully fails to comply with this section in an amount equal to ten percent of the payment required under subdivision 1.

Sec. 3. [268.983] [COMMUNITY RESPONSE COMMITTEE.]

A community response committee may be created in each community in which an employer has engaged in a plant closing or mass layoff. The committee must consist of at least seven members and have representatives of the city or town in which the establishment is located, the appropriate county, employees that were laid off due to the plant closing or mass layoff, and representatives of community groups in the area in which the establishment is located. When the establishment is located within the boundaries of a city, the mayor of that city shall appoint the members of the community response committee. When the establishment is located outside of a city's boundaries, the committee shall be appointed by the governing body of the county in which the establishment is located. Before funds made available under section 2 may be spent or distributed, a committee must be established.

The committee must:

(1) undertake a needs analysis of the community and the workers laid off because of the plant closing or mass layoff;

(2) make recommendations to the commissioner for the distribution of the funds made available under section 2 based on the needs analysis required under clause (1); and

(3) work closely with the commissioner and employment and training service providers to ensure that services are made available to employees laid off because of a plant closing or mass layoff.

Sec. 4. [268.984] [GRANTS AND SUBSIDIES.]

Subdivision 1. [ECONOMIC DEVELOPMENT PLANNING GRANTS.] The commissioner may award economic development planning grants to government units or other public agencies, nonprofit organizations, for-profit organizations, or other persons to examine the short-term and long-term alternatives for strengthening the economy in the area surrounding the establishment that has experienced the plant closing or mass layoff. The examination of alternatives must address the following:

(1) an estimate of the economic effect of the plant closing or mass layoff in terms of direct and indirect jobs lost and, if possible, the reduction in the area's income;

(2) an estimate of the ability of other employers in the area to absorb in their work force the laid-off workers;

(3) an identification of area businesses that have the potential for expansion and the financial and other resources as well as the worker skills

required of such an expansion;

(4) an identification of financial and other incentives that might be required to reopen the establishment under new ownership and management;

(5) a statement of whether the closed establishment can be reopened as an employee-owned establishment;

(6) an identification of the industries that might be candidates for expansion in the area and the incentives that might be required to encourage their development or location in the area; and

(7) an identification of the skills required by the laid-off workers to increase their chances of finding employment in the area or other regions of the state.

Subd. 2. [EMERGENCY GRANTS.] The commissioner may provide emergency grants to workers and their families directly affected by the plant closing or mass layoff. The emergency grants may be used for the immediate food, clothing, shelter, transportation, training, and relocation needs of these workers. The commissioner may contract with a local unit of government, other public agency, community action program, or a non-profit organization to provide the emergency grants awarded under this subdivision. The committee or organization contracting with the commissioner shall coordinate their efforts with existing area providers of these emergency needs.

Subd. 3. [WAGE SUBSIDIES.] The commissioner may contract with a certified local service provider to provide wage subsidies to workers laid off because of a plant closing or mass layoff. Wage subsidy money under this subdivision must be distributed in the same manner that wage subsidies are used under section 268.677. Wage subsidies under this subdivision must be given to businesses and other employers who have jobs available that offer potential for long-term employment. Business and other employers that receive wage subsidy payments under this subdivision are subject to section 268.681.

Sec. 5. [268.985] [SEVERANCE PAYMENT.]

Subdivision 1. [SEVERANCE PAYMENT.] Each employer owning or operating a facility engaged in a plant closing or mass layoff within three years after an acquisition shall make a severance payment to an affected employee if the affected employee has been employed by the employer for three or more years. The payment may, at the option of the employer, be made before or at the termination of the affected employee. The severance payment must be equal to the gross weekly wage of the affected employee at the time of termination, multiplied by the number of full and partial years for which the employee has been employed by the employer. For an affected employee whose gross weekly wage has been reduced within one year of a plant closing as a result of a reduction in the average weekly number of hours worked by the employee, the severance payment must be equal to the affected employee's gross weekly wage before the reduction in the average weekly number of hours worked, multiplied by the number of full and partial years for which the employee has been employed by the employer.

Subd. 2. [OTHER PAYMENTS.] Vacation pay, commissions, sick leave, wages, and other types of payments made for a reason other than compensation for termination of employment are not severance payments under

subdivision 1.

Sec. 6. [268.986] [HEALTH CARE COVERAGE.]

Each employer who engages in a plant closing or mass layoff within three years after an acquisition and who has had an employer-paid health insurance plan in place within the previous three-year period preceding the date of the plant closing or mass layoff shall pay to each affected employee an amount equal to 12 times the most recent monthly premium paid by the employer on behalf of the employee. The employer may choose to make periodic payments of this amount over a one-year period. The employer is not obligated to make this payment if the employer chooses to continue the health insurance plan for one year after the plant closing or mass layoff or until the employee becomes covered under another health insurance plan, whichever is sooner. The employer must pay at least the same portion of the premium that the employer paid before the employee was terminated. The employer shall also continue to make the health insurance plan available to each affected employee as required in section 62A.17 or in federal law.

Sec. 7. [268.987] [PRIORITY OF CLAIMS.]

To the extent not otherwise determined by federal law, a money claim on behalf of an affected employee against an employer engaged in a plant closing has priority over all other unsecured claims against an employer, except wage and salary claims.

Sec. 8. [268.988] [EMPLOYER APPEAL PROCESS.]

Subdivision 1. [APPEAL OF PAYMENT.] An employer may appeal to the commissioner to reduce or eliminate the payment required or penalty imposed under section 2, the severance and health benefit payments required under sections 5 and 6, and the repayments of public assistance required under section 9. The employer must appeal under this subdivision at least 30 days before the date of the plant closing or mass layoff.

The employer may not cause a plant closing or mass layoff until the commissioner has made a decision on an appeal by the employer. The commissioner must make a decision within 30 days of the appeal request by an employer. The 30-day limit may be extended if both the employer and the commissioner agree to the extension. The commissioner may contract with a public accounting firm or others to provide technical assistance. The commissioner, or any of the persons the commissioner has contracted with, must have access to all the employer's financial records and other related information for the past five years to assist in making a decision on an appeal.

Subd. 2. [APPEAL GROUNDS.] The employer may appeal under subdivision 1 only if the employer determines that the plant closing or mass layoff is likely to be due to one or more of the following:

(1) a natural disaster, including flood, damage or destruction due to weather, earthquakes, fire, or drought;

(2) a decrease in sales of the employer resulting from economic or market factors that directly affect the demand for the products produced or provided at the establishment; or

(3) the plant closing or mass layoff results from the determination that the acquired establishment is not a viable economic operation.

The employer must establish by a preponderance of the evidence that the plant closing or mass layoff was due to one of the reasons outlined in clause (1), (2), or (3), and not because of the financial needs of the employer to pay for debt incurred because of an acquisition, a reorganization, or duplication of the operations of the employer. In cases where the operations of the establishment have been terminated or significantly affected by a fire, flood, or other unexpected natural disaster and the result is a plant closing or mass layoff, the employer is not required to appeal 30 days before the plant closing or mass layoff. The employer may appeal under this subdivision, but is not required to make payments to the commissioner or affected employees until the commissioner makes a decision on the appeal.

Subd. 3. [APPEAL OF REPAYMENT OF PUBLIC ASSISTANCE.] *The employer may appeal the amount of public assistance the employer must pay back under section 9. The commissioner must make a decision within 30 days of the appeal request of the employer. The commissioner may contract with public accounting firms or others for technical assistance in determining the correct amount of the repayment.*

Subd. 4. [APPEAL FROM COMMISSIONER'S DECISION.] *The employer may appeal the decision of the commissioner as a contested case proceeding under chapter 14.*

Sec. 9. [268.989] [REPAYMENT OF PUBLIC ASSISTANCE.]

An employer who causes a plant closing or mass layoff within three years of acquisition shall pay back or reimburse an amount equal to the amount of public assistance which it or the acquired business entity has received in the past five-year period from a government unit. The amount of public assistance to be repaid under this section equals the sum of the following:

(1) the reduction in the employer's capital expenditures at the establishment as a result of the public assistance, including assistance in acquiring land, buildings, and equipment;

(2) the reduction of the employer's financing costs at the establishment, including savings in interest costs resulting from tax-exempt financing;

(3) the reduction in the employer's taxes on the operations at the establishment; and

(4) the reduction in the employer's operating costs at the establishment as the result of other assistance besides tax reductions or abatements.

The amount of public assistance to be repaid that is calculated in clauses (1) to (4) must be adjusted to reflect any amounts that have been recaptured or the employer has been required to repay under the provisions of another law or contractual agreement. The public assistance required to be repaid under this section must be made to the government unit authorizing or enabling the employer to receive the public assistance, regardless of whether the cost or reduction in revenues was borne by another government unit. The employer may appeal the payment amount to the commissioner. The government unit that the public assistance is to be repaid to under this section may enter into an agreement with the recipient of public assistance for the repayment or reimbursement of the public assistance and the time of the repayment.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to economic development; requiring a job impact statement of certain government units; providing prefeasibility study grants; requiring the employer who engages in a plant closing or mass layoff to pay community benefits, severance pay, and health benefits; establishing a community response committee; requiring repayment of certain financial assistance to businesses; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 268."

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

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

S.F. No. 78: A bill for an act relating to town roads; permitting town ordinances to regulate the burning of vegetation; amending Minnesota Statutes 1988, section 164.02, subdivision 1.

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

Page 1, line 17, delete "*Maintenance may include*"

Page 1, delete lines 18 and 19 and insert "*Subject to sections 88.16, 88.17, and 88.22, maintenance may include town ordinances to regulate the burning of vegetation on town road rights-of-way. The ordinance shall set forth limits and conditions on burning to minimize the danger of fire escaping. A town adopting an ordinance pursuant to this section shall submit a copy of the ordinance to the department of natural resources.*"

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. 1408: A bill for an act relating to local government; requiring political subdivisions to request proposals for group insurance coverage; amending Minnesota Statutes 1988, section 43A.316, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1988, section 471.616.

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

Page 2, after line 33, insert:

"Subd. 7. [TEMPORARY EXEMPTION.] Political subdivisions currently providing group insurance coverage and benefits through a contract awarded by a competitive bid process under section 471.616 are exempt from the requirements of this section for the period during which the existing contract remains in force. Upon expiration of the existing contract, a political subdivision must adhere to the request for proposal process outlined in this section."

Page 2, after line 35, insert:

"Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following enactment."

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. 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.

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

Page 2, delete section 2 and insert:

"Sec. 2. [462.3597] [INTERIM USES.]

Subdivision 1. [DEFINITION.] An "interim use" is a temporary use of property until a particular date, until the occurrence of a particular event, or until zoning regulations no longer permit it.

Subd. 2. [AUTHORITY.] Zoning regulations may permit the governing body to allow interim uses. The regulations may set conditions on interim uses. The governing body may grant permission for an interim use of property if:

- (1) the use conforms to the zoning regulations;*
- (2) the date or event that will terminate the use can be identified with certainty;*
- (3) permission of the use will not impose additional costs on the public if it is necessary for the public to take the property in the future; and*
- (4) the user agrees to any conditions that the governing body deems appropriate for permission of the use.*

Any interim use may be terminated by a change in zoning regulations.

Subd. 3. [PUBLIC HEARINGS.] Public hearings on the granting of interim use permits shall be held in the manner provided in section 462.357, subdivision 3."

Delete the title and insert:

"A bill for an act relating to local government; planning and zoning; permitting interim use permits; making explicit the scope of certain statutes; amending Minnesota Statutes 1988, section 462.358, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 462."

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. 1101: A bill for an act relating to St. Louis county; regulating budget procedures; providing for certain recorder's fees; proposing coding

for new law in Minnesota Statutes, chapter 383C; repealing Minnesota Statutes 1988, sections 383C.01, 383C.011, 383C.012, 383C.013, 383C.014, 383C.015, 383C.016, 383C.017, 383C.018, and 383C.019.

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

Page 5, after line 9, insert:

“Sec. 9. [383C.726] [LEGAL DESCRIPTION REQUIRED.]

Any document to be filed with the county recorder affecting a previously recorded mortgage, contract for deed, mechanic's lien, attorney's lien, judgment, lis pendens, or fixture financing statement must include a legal description of the encumbered property. This requirement is satisfied if:

- (1) the document itself contains a legal description of the property;*
- (2) the legal description is attached to the document; or*
- (3) a copy of part of another document that contains the legal description is attached to the document.*

This section does not apply to documents relating to property registered under chapter 508.

Sec. 10. [383C.808] [TELEVISION SERVICE; ST. LOUIS COUNTY.]

St. Louis county may assess the cost of maintenance of television relay service upon residents of the following townships in St. Louis county who use the service: T67N, R19W; T67N, R20W; T67N, R21W; T68N, R19W; T68N, R20W; T68N, R21W; T69N, R19W; T69N, R20W; T69N, R21W; T70N, R19W; T70N, R20W; T70N, R21W; T71N, R20W; T71N, R21W. The costs shall be assessed annually against improved property and may be billed directly to them or collected with the property tax levied on real property owned by users. If the assessment is billed directly, it may be collected in the same manner as any other debt. If the assessment is collected with the property tax, it shall be administered as far as possible in the same manner as the property tax and be subject to the same penalties and conditions.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the second semicolon, insert “requiring certain documents filed with the county recorder to include a legal description; allowing the county to assess the cost of maintenance of television relay service;”

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. 1239: A bill for an act relating to Roseau county; providing increased bonding authority for hospital districts in the county; amending Laws 1961, chapter 115, section 4, as amended.

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

Page 1, line 17, delete "\$10,000,000" and insert "\$5,000,000"

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

S.F. No. 811: A bill for an act relating to local government; expanding the purpose for the use of certain dedicated cash payments under the municipal planning law; amending Minnesota Statutes 1988, section 462.358, subdivision 2b.

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

Page 1, line 17, after "preserved" insert "*for conservation purposes or*" and after "trails," insert "*wetlands,*"

Page 1, lines 24 and 25, reinstate the stricken language and delete the new language

Page 2, lines 1 to 3, delete the new language

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. 1394: A bill for an act relating to the county of Olmsted; providing for approval of certain conveyancing instruments by county zoning administrator.

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

Page 1, line 21, after the period, insert "*The zoning administrator shall complete the examination within 30 days after receipt of the transfer or division.*"

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. 1120: A bill for an act relating to economic development; providing for funding to the Minnesota marketplace program; 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. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 150: A bill for an act relating to gambling; authorizing the sale of lottery tickets; establishing a state lottery agency; providing for its powers and duties; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 10A.01, subdivision 18; 15.06, subdivision 1;

15A.081, subdivision 1; 16B.54, subdivision 2; 43A.08, subdivision 1a; 260.015, subdivisions 5 and 21; 290.92, by adding a subdivision; 297A.25, by adding a subdivision; 340A.410, subdivision 5; 349.18, subdivision 1; 541.20; 541.21; 609.75, subdivision 3; and 609.761; proposing coding for new law in Minnesota Statutes, chapter 609; proposing coding for new law as Minnesota Statutes, chapter 349A.

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

Page 1, after line 16, insert:

"ARTICLE 1

GAMBLING ENFORCEMENT

Section 1. [299K.01] [DIVISION OF GAMBLING ENFORCEMENT.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this chapter, the terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of public safety.

(c) "Director" means the director of gambling enforcement.

Subd. 2. [ESTABLISHED.] The division of gambling enforcement is a division in the department of public safety under the control and supervision of a director, appointed by the commissioner and serving at the commissioner's pleasure in the unclassified service.

Subd. 3. [EMPLOYEES.] The commissioner shall employ in the division of gambling enforcement personnel, in the classified service, necessary to carry out the duties under this chapter.

Sec. 2. [299K.02] [DUTIES OF DIVISION OF GAMBLING ENFORCEMENT.]

Subdivision 1. [LOTTERY.] (a) The commissioner shall conduct background checks on employees of the state lottery, lottery retailers, and successful bidders of major procurement contracts with the lottery.

(b) The commissioner shall, when so requested by the director of the state lottery, conduct investigations of lottery retailers, applicants for lottery retailer contracts, suppliers of goods or services to the state lottery, and persons bidding on contracts for goods or services with the state lottery.

(c) The commissioner shall conduct an annual security audit of the state lottery, or arrange for such an audit by an outside agency or person, firm, or corporation. The director shall report to the state lottery board and the director of the lottery on the results of the audit.

Subd. 2. [CHARITABLE GAMBLING.] The commissioner shall:

(1) conduct background investigations of applicants for licensing as a manufacturer or distributor of gambling equipment or as a bingo hall under chapter 349; and

(2) when requested by the charitable gambling control board, or the director of the board, inspect the premises of a licensee under chapter 349 to determine compliance with law and with the rules of the board, or to conduct an audit of the accounts, books, records, or other documents required to be kept by the licensee.

Subd. 3. [HORSE RACING INVESTIGATIONS.] (a) The commissioner shall conduct background investigations as provided by law on all applicants for licenses issued by the Minnesota racing commission.

(b) The commissioner shall, upon request of the Minnesota racing commission, or the executive director of the racing commission, investigate the activities of a licensee of the commission to determine the licensee's compliance with law and with rules of the commission.

Subd. 4. [OTHER GAMBLING.] The division of gambling enforcement shall cooperate with all state and local agencies in the detection and apprehension of unlawful gambling.

Subd. 5. [BOARDS AND COMMISSION.] The director shall serve as a nonvoting, ex officio member of:

- (1) the Minnesota racing commission;*
- (2) the charitable gambling control board; and*
- (3) the state lottery board.*

Subd. 6. [BACKGROUND CHECKS.] In any background check required to be conducted by the division of gambling enforcement under chapter 240, 349, or 349A, the director may require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for the conducting of a national criminal history check.

Sec. 3. [299K.03] [POWERS OF DIRECTOR.]

Subdivision 1. [INSPECTIONS; ACCESS.] In conducting any inspection authorized under chapter 240, 349, or 349A, the employees of the division of gambling enforcement have free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

- (1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.214;*
- (2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;*
- (3) records required to be maintained under chapter 240, 349, or 349A are prepared or retained;*
- (4) lottery tickets are sold by a lottery retailer under chapter 340A; or*
- (5) races are conducted by a person licensed under chapter 240.*

Subd. 2. [ITEMS REQUIRED TO BE PRODUCED.] In conducting an audit or inspection authorized under chapter 240 or 349, employees of the division of gambling enforcement may inspect any book, record, or other document the licensee, retailer, or vendor is required to keep.

Subd. 3. [SUBPOENA POWER.] The commissioner may issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to any investigation or audit the commissioner is authorized to conduct.

Subd. 4. [ACCESS TO CRIMINAL HISTORY.] The director has access

to all criminal history data compiled by the bureau of criminal apprehension on any person licensed under contract with the state lottery, racing commission, or the charitable gambling control board, or any applicant for licensing or a person who has submitted a bid on a gambling contract.

Subd. 5. [ARREST POWERS.] The commissioner may designate certain employees within the division of gambling enforcement who are authorized to arrest or investigate any person who is suspected of violating any provision of chapter 240, 349, or 349A, or is suspected of committing any crime involving gambling, and to conduct searches and seizures to enforce any of those laws. Any employee authorized by this subdivision to make an arrest must be licensed under sections 626.84 to 626.863.

Subd. 6. [UNLICENSED SELLERS.] (a) If anyone not licensed under chapter 349 sells gambling equipment at a business establishment, the commissioner or commissioner of revenue may, in addition to any other provisions of chapter 349:

(1) assess a civil penalty of not more than \$300 against each person participating in the sales and assess a civil penalty of not more than \$1,000 against the owner or owners of the business establishment; or

(2) if the subject violation is the second or subsequent violation of this subdivision at the same business establishment within any 24-month period, assess a civil penalty of not more than \$300 against each person participating in such sales, and assess a civil penalty of not more than \$5,000 against the owner or owners of the business establishment.

(b) The assessment of a civil penalty under this section does not preclude a recommendation by the commissioner at any time deemed appropriate to a licensing authority for revocation, suspension, or denial of a license controlled by the licensing authority.

(c) The penalties assessed by this subdivision must be collected and interest assessed under this chapter or chapter 270. The provisions of section 270.72 apply to nonpayment of a penalty and interest assessed under this subdivision.

(d) Within ten days of an assessment under this subdivision, the person assessed the penalty must pay the assessment or request that a hearing be held under chapter 14. If a hearing is requested, the hearing must be scheduled within 20 days of the request, and the recommendations of the administrative law judge must be issued within five working days of the close of the hearing. The commissioner's or commissioner of revenue's final determination must be issued within five working days of the issuance of the recommendations of the administrative law judge.

Subd. 7. [OTHER POWERS.] Nothing in this chapter limits the authority of the division of gambling enforcement to exercise any other power specified under chapter 240, 349, or 349A.

Subd. 8. [RULEMAKING.] The commissioner may adopt rules, including emergency rules, under chapter 14 to carry out the commissioner's duties under this chapter.

Sec. 4. [299K.04] [CONFLICT OF INTEREST.]

Subdivision 1. [INTEREST.] The director and any person employed by the division of gambling enforcement may not have a direct or indirect financial interest in:

- (1) a class A or B licensee of the racing commission;*
- (2) a lottery retailer under contract with the state lottery;*
- (3) a person who is under a major procurement contract with the state lottery; or*
- (4) a bingo hall, manufacturer, or distributor licensed under chapter 349.*

Subd. 2. [CHARITABLE GAMBLING.] The director or an employee of the division of gambling enforcement may not participate in the conducting of lawful gambling under chapter 349.

Sec. 5. [299K.05] [GAMBLING VIOLATIONS; RESTRICTIONS ON FURTHER ACTIVITY.]

An owner of an establishment is prohibited from having lawful gambling under chapter 349 conducted on the premises, selling any lottery tickets under chapter 349A, or having a video game of chance as defined under section 349.50 located on the premises, if a person was convicted of violating section 609.76, subdivision 1, clause (7), for an activity occurring on the owner's premises.

Sec. 6. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of public safety to implement sections 1 to 5. The complement of the department of public safety is increased by

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 5 are effective July 1, 1989.

ARTICLE 2

CHARITABLE GAMBLING

Section 1. Minnesota Statutes 1988, section 349.11, is amended to read:
349.11 [PURPOSE.]

The purpose of sections 349.11 to 349.22 is to regulate ~~legal forms of~~ lawful gambling to prevent ~~their~~ its commercialization, to insure integrity of operations, and to provide for the use of net profits only for lawful purposes.

Sec. 2. Minnesota Statutes 1988, section 349.12, subdivision 3, is amended to read:

Subd. 3. [ACTIVE MEMBER.] "Active member" means a member who has paid all dues to the organization, *who is 18 years of age or older, who has equal voting rights with all other members, who has equal opportunity to be an elected officer, who has equal right and responsibilities of attendance at the regularly scheduled meetings of the organization, whose name and membership origination date appear with the member's knowledge and consent on a list of members of the organization, and who has been a member of the organization for at least six months.*

Sec. 3. Minnesota Statutes 1988, section 349.12, subdivision 11, is amended to read:

Subd. 11. "Lawful purpose" means one or more of the following: (a)

benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; ~~or~~ (d) payment of taxes imposed under this chapter, and other taxes imposed by the state or the United States on receipts from lawful gambling; *or (e) payment of reasonable costs incurred in complying with the performing of annual audits required under section 349.19, subdivision 9.*

"Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property *or capital assets* owned or leased by the organization, unless the board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in clauses (a) to (c). The board may by rule adopt procedures and standards to administer this subdivision.

Sec. 4. Minnesota Statutes 1988, section 349.12, subdivision 12, is amended to read:

Subd. 12. [ORGANIZATION.] "Organization" means any fraternal, religious, veterans, or other nonprofit organization which ~~has been in existence for at least three years and~~ has at least 15 active members, *and either has been duly incorporated as a nonprofit organization for at least three years, or has been recognized by the Internal Revenue Service as exempt from income taxation for the most recent three years.*

Sec. 5. Minnesota Statutes 1988, section 349.12, subdivision 13, is amended to read:

Subd. 13. [GROSS PROFIT.] "Gross profit" means the gross receipts collected from lawful gambling, less reasonable sums necessarily and actually expended for prizes.

Sec. 6. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 13a. [NET PROFIT.] "Net profit" means gross profit less reasonable sums actually expended for allowable expenses.

Sec. 7. Minnesota Statutes 1988, section 349.12, subdivision 15, is amended to read:

Subd. 15. [GAMBLING EQUIPMENT.] "Gambling equipment" means: bingo cards ~~and or sheets~~, devices for selecting bingo numbers, pull-tabs, jar tickets, paddlewheels, and tipboards.

Sec. 8. Minnesota Statutes 1988, section 349.12, subdivision 17, is amended to read:

Subd. 17. [DISTRIBUTOR.] "Distributor" is a person who sells gambling equipment ~~the distributor manufactures or purchases for resale~~ within the state *to licensed organizations, to organizations conducting exempt activities under section 349.214, or to other distributors.*

Sec. 9. Minnesota Statutes 1988, section 349.12, subdivision 20, is amended to read:

Subd. 20. [IDEAL NET.] "Ideal net" means the pull-tab or tipboard deal's ideal gross, as defined under subdivision 19, less the total predetermined prize amounts available to be paid out. When the prize is not *entirely* a monetary one, the ideal net is 50 percent of the ideal gross.

Sec. 10. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 21. [CAPITAL ASSETS.] "*Capital assets*" means property, real or personal, except gambling equipment, with an expected useful life of at least one year.

Sec. 11. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 22. [DIRECTOR.] "*Director*" is the director of the charitable gambling control board.

Sec. 12. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 23. [MANUFACTURER.] "*Manufacturer*" means a person or entity who assembles from raw materials or subparts a completed piece of gambling equipment, and who sells or furnishes the equipment for resale or for use in the state. The term includes a person who converts, modifies, adds to, or removes parts or a portion from an item, device, or assembly to further its promotion, sale, or use as gambling equipment in this state. A person only adding or modifying promotional flares to advise the public of the prizes available, the rules of play, and the consideration required is not a manufacturer.

Sec. 13. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 24. [PROMOTIONAL TICKET.] A pull-tab or tipboard ticket with the words "no purchase necessary" and "for promotional use only" and for which no consideration is given is a promotional ticket.

Sec. 14. Minnesota Statutes 1988, section 349.15, is amended to read:
349.15 [USE OF PROFITS.]

(a) Profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized at a regular meeting of the conducting organization. Provided that no more than 55 percent of profits from bingo, and no more than 45 percent for other forms of lawful gambling, may be expended for ~~necessary~~ allowable expenses related to lawful gambling.

(b) The board shall provide by rule for the administration of this section, including specifying allowable expenses. The rules must specify that no more than one-third of the annual premium on a policy of liability insurance procured by the organization may be taken as an allowable expense from the gross receipts from lawful gambling. This expense shall be allowed by the board only to the extent that it relates directly to the conduct of lawful gambling and is verified in the manner the board prescribes by rule. The rules may provide a maximum percentage of gross receipts which may be expended for certain expenses.

(c) Allowable expenses also include reasonable costs of bank account

service charges, and the reasonable costs of an audit required by the board, except an audit required under section 349.19, subdivision 9.

Sec. 15. Minnesota Statutes 1988, section 349.151, is amended to read:

349.151 [CHARITABLE GAMBLING CONTROL BOARD.]

Subdivision 1. [BOARD CREATED.] The charitable gambling control board is created with the powers and duties established by subdivision 4 3.

Subd. 2. [MEMBERSHIP.] The board consists of ~~13~~ five members appointed as follows:

~~(1) eleven persons appointed by the governor with the advice and consent of the senate; at least four of whom must reside outside of the seven-county metropolitan area;~~

~~(2) the commissioner of public safety or a designee; and~~

~~(3) the attorney general or a designee.~~

~~A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985; four are for terms expiring June 30, 1986; and four are for terms expiring June 30, 1987. After the expiration of the initial terms, appointments are for three years. The governor shall appoint the chair from among the governor's appointees. A person may not serve more than two full terms on the board. The director of gambling enforcement shall serve as a nonvoting, ex officio member of the board.~~

Subd. 3. [COMPENSATION.] *The terms, compensation, and removal of board members is and filling of membership vacancies are as provided in section 15.0575; subdivision 3.*

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

(1) to issue, revoke, and suspend licenses to organizations, distributors, bingo halls, and manufacturers under sections 349.16, 349.161, 349.164, and 349.163;

(2) to collect and deposit license fees ~~and taxes~~ due under this chapter;

(3) to receive reports required by this chapter ~~and inspect the records, books, and other documents of organizations and suppliers to insure compliance with all applicable laws and rules;~~

(4) to make rules, ~~including emergency rules,~~ required by this chapter;

(5) to register gambling equipment and issue registration stamps under section 349.162;

(6) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling; ~~and~~

(8) impose civil penalties of not more than \$500 per violation on organizations, distributors, and manufacturers for failure to comply with any provision of sections 349.12 to 349.23 or any rule of the board; and

(9) to notify city councils, county boards, and town boards before issuing or renewing licenses to organizations and bingo halls as specified under section 349.213.

(b) Any organization, distributor, bingo hall operator, or manufacturer assessed a civil penalty may request a hearing before the board. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Subd. 4a. [ADDITIONAL POWERS.] Whenever it appears to the board director that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule:

(a) The board director has the power to issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the board after which and within 20 days of the date of the hearing the board shall issue a further an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

(b) The board may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any rule and may refer the matter to the attorney general. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted. The court may not require the board to post a bond.

Subd. 5. [EMPLOYEES.] The board shall employ an executive secretary in the unclassified service and such other employees in the classified service as are required to enable it to carry out its functions. One or more of the employees must be bingo inspectors.

Subd. 6. [ATTORNEY GENERAL.] The attorney general is the attorney for the board.

Sec. 16. [349.152] [DIRECTOR.]

Subdivision 1. [APPOINTED.] The board shall appoint, with the advice and consent of the senate, a person qualified by experience and training to act as the director. The director shall be in the unclassified service.

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

(1) to carry out charitable gambling policy established by the board;

(2) *to employ and supervise personnel of the board;*

(3) *to make recommendations to the board on rules;*

(4) *to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and*

(5) *to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees.*

Sec. 17. [349.153] [CONFLICT OF INTEREST.]

(a) *A person may not serve on the board, be the director, or be an employee of the board who has an interest in any corporation, association, or partnership that is licensed by the board as a distributor, manufacturer, or a bingo hall under section 349.164.*

(b) *A member of the board, the director, or an employee of the board may not participate in the conducting of lawful gambling.*

Sec. 18. Minnesota Statutes 1988, section 349.16, subdivision 4, is amended to read:

Subd. 4. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations *or bingo halls* applying for or renewing a license to conduct lawful gambling *or operate a bingo hall*. An investigation fee may not exceed the following limits:

(1) for cities of the first class, \$500;

(2) for cities of the second class, \$250; ~~and~~

(3) for all other cities ~~and counties~~, \$100; *and*

(4) *for counties, \$500.*

Sec. 19. Minnesota Statutes 1988, section 349.161, is amended to read:
349.161 [DISTRIBUTOR LICENSES.]

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt from licensing under section 349.214, except to an organization licensed for lawful gambling; or

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section.

No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.

Subd. 2. [LICENSE APPLICATION.] The board may issue licenses for the sale of gambling equipment to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, other person in a supervisory or management position,

or employee eligible to make sales on behalf of the distributor a person, who:

(1) has been convicted of a felony in a state or federal court within the past five years or who has a felony charge pending;

(2) has ever been convicted in a state or federal court of a gambling-related offense within ten years of the date of license application felony involving fraud or misrepresentation or a crime involving gambling; or

(3) is or has ever been engaged in an illegal business;

(4) owes \$500 or more in delinquent taxes as defined in section 270.72;

(5) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years;

(6) after demand, has not filed tax returns required by the commissioner of revenue; or

(7) has not complied with any other lawful order of the board, commissioner of revenue, or director of gambling enforcement.

Subd. 4. [FEES.] The annual fee for a supplier's distributor's license is \$1,500.

Subd. 5. [PROHIBITION.] (a) No distributor, or employee eligible to make sales on behalf of a distributor, may also be a wholesale distributor of liquor or alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, distributor's representative, or employee authorized to make sales on behalf of a distributor, may be involved directly in the operation of lawful gambling conducted by an organization.

(c) No manufacturer or distributor or person acting as a representative, agent, or employee of a manufacturer or distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, distributor's representative, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor, distributor's representative, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

Subd. 6. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule or for failure to meet the qualifications in subdivision 3 at any time or revoked for what the board determines to be a pattern of willful violations of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 7. [CRIMINAL HISTORY.] The board may request the assistance of the bureau of criminal apprehension division of gambling enforcement in investigating the background of an applicant for a distributor's license and may reimburse the bureau division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the bureau of criminal apprehension and the division of gambling

enforcement on licensees and applicants.

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and ~~business home~~ addresses of all employees. Each ~~person eligible to conduct sales on behalf of a distributor, employee of a distributor, or a person making sales of gambling equipment on behalf of a distributor~~ must have in their possession a picture identification card approved by the board.

Sec. 20. Minnesota Statutes 1988, section 349.162, is amended to read:
349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] A distributor may not sell ~~to an organization and an organization may not purchase, transfer, furnish, or otherwise provide to a person, organization, or distributor, and no person, organization, or distributor may purchase, borrow, accept, or acquire from~~ a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor is entitled to a refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

- (1) the identity of the person or firm from whom the equipment was purchased;
- (2) the registration number of the equipment;
- (3) the name and address of the organization to which the sale was made;
~~and~~
- (4) the date of the sale;
- (5) *the name of the person who ordered the equipment; and*
- (6) *the name of the person who received the equipment.*

The invoice for each sale must be retained for at least ~~one year~~ *three and one-half years* after the sale is completed and a copy of ~~the each~~ *each* invoice is ~~to be~~ delivered to the board ~~in the manner and time prescribed by the board~~. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, in a form the board prescribes, its sales of each type of gambling equipment. Employees of the ~~board division of gambling enforcement~~ may inspect the books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

Subd. 3. [EXEMPTION.] For purposes of this section, bingo cards ~~intended to be used for more than one game or sheets~~ need not be ~~registered stamped~~.

Subd. 4. [PROHIBITION.] (a) No person other than a licensed ~~organi-~~
~~zation or a licensed~~ distributor may possess *unaffixed* registration stamps issued by the board.

(b) *Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been registered with the board.*

Subd. 5. [SALES FROM FACILITIES.] *(a) All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to its the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the board as a sales or storage facility of the distributor's. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the board. No gambling equipment may be moved from the facility without having been first registered with the board.*

(b) All sales and storage facilities owned, leased, used, or operated by a licensed distributor may be entered upon and inspected by the employees of the division of gambling enforcement or the director's authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a distributor's licenses and permits issued under this chapter.

(c) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125.

Sec. 21. Minnesota Statutes 1988, section 349.163, is amended to read:

349.163 [REGISTRATION LICENSING OF MANUFACTURERS.]

Subdivision 1. [~~REGISTRATION LICENSE.~~] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer ~~has registered with the board and~~ has been issued a ~~certificate of registration~~ license by the board.

Subd. 2. [~~CERTIFICATE LICENSE; FEE.~~] A ~~certificate~~ license under this section is valid for one year. The annual fee for ~~registration~~ the license is \$500.

Subd. 3. [PROHIBITED SALES.] A manufacturer may not sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor.

Subd. 4. [INSPECTION OF MANUFACTURERS.] *Employees of the division of gambling enforcement may inspect the books, records, inventory, and manufacturing operations of a licensed manufacturer without notice during the normal business hours of the manufacturer.*

Sec. 22. Minnesota Statutes 1988, section 349.164, is amended to read:

349.164 [BINGO HALL LICENSES.]

Subdivision 1. [LICENSE REQUIRED.] No person may lease a facility to more than one ~~licensed individual, corporation, partnership, or organization~~ to conduct bingo without having obtained a bingo hall license under this section, unless the ~~person~~ lessor is a licensed organization.

Subd. 2. [LICENSE APPLICATION.] The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes. *The board may not issue or renew a bingo hall license unless the conditions of section 349.213, subdivision 2, have been satisfied.*

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position, who:

(1) has been convicted of a felony ~~in a state or federal court~~ within the past five years ~~or who has a felony charge pending~~; or

(2) ~~has ever been convicted in a state or federal court of a gambling-related offense within ten years of the date of license application felony involving fraud or misrepresentation or a crime involving gambling; or~~

(3) ~~owes delinquent taxes in excess of \$500 as defined in section 270.72.~~

Subd. 4. [FEES.] The annual fee for a bingo hall license is \$250.

Subd. 5. [CRIMINAL HISTORY.] The board may request the assistance of the ~~bureau of criminal apprehension~~ *division of gambling enforcement* in investigating the background of an applicant for a bingo hall license and may reimburse the ~~bureau~~ *division of gambling enforcement* for the costs. The board has access to all criminal history data compiled by the bureau of *criminal apprehension and the division of gambling enforcement* on licensees and applicants.

Subd. 6. [PROHIBITION.] No bingo hall licensee may also be a licensed distributor or ~~registered licensed~~ manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 *or a wholesale distributor of alcoholic beverages.*

Subd. 7. [RESTRICTIONS.] A bingo hall licensee or affiliate of the licensee may not:

(1) provide any staff to conduct bingo or any other form of lawful gambling during the bingo occasion;

(2) acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts bingo on the premises;

(3) provide accounting services to an organization conducting bingo on the premises;

(4) make any expenditures of gross receipts of an organization from lawful gambling; or

(5) charge any fee to a person at a bingo occasion, without which the person could not play a bingo game.

Subd. 8. [LEASES.] All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease. No amount may be paid by the organization or received by the operator of the bingo hall based on the number of participants attending the bingo occasion or on the gross receipts or profit received by the organization.

Subd. 9. [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule or for failure to meet the qualifications in subdivision 3 at any time or revoked for what the board determines to be a pattern of willful violations of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act.

Sec. 23. Minnesota Statutes 1988, section 349.17, subdivision 2a, is

amended to read:

Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor. *For purposes of this section, "furnish" does not include the right to sell or offer for sale.*

Sec. 24. Minnesota Statutes 1988, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. *No organization may conduct lawful gambling on premises under the jurisdiction of or leased from a state agency listed in section 15.06, subdivision 1, a metropolitan agency as defined in section 473.121, subdivision 5a, or a school district. Leases must be for a period of at least one year and must be in writing. Copies of all leases must be made available to employees of the board on request. A lease may not provide for rental payments based on a percentage of determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.*

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity in a leased space during times the space is leased for lawful gambling.

Sec. 25. Minnesota Statutes 1988, section 349.18, is amended by adding a subdivision to read:

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) *Gambling equipment owned by or in the possession of a licensed organization must be kept at a licensed gambling premises owned or operated by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises.*

(b) *Gambling equipment owned by a licensed organization must be kept separate from gambling equipment owned by other persons, organizations, distributors, or manufacturers consistent with the organization's internal controls filed with the board.*

(c) *Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.*

(d) *A licensed organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors.*

Sec. 26. Minnesota Statutes 1988, section 349.19, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS.] *Gross receipts from lawful gambling by each organization at each licensed premises must be segregated from all other revenues of the conducting organization and placed in a separate account. The name and address of the bank and the account number for that separate*

account for that licensed premises, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within 24 hours of completion of the bingo occasion, deal, or game from which they are received, and deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Sec. 27. Minnesota Statutes 1988, section 349.19, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] All expenditures of profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment. *Authorization of the expenditures must be recorded in the regular meeting minutes of the licensed organization.*

Sec. 28. Minnesota Statutes 1988, section 349.19, subdivision 6, is amended to read:

Subd. 6. [PRESERVATION OF RECORDS.] The board may require that records required to be kept by this section must be preserved by a licensed organization for at least two years and may be inspected by employees of the ~~board~~ *division of gambling enforcement or the director's authorized representatives* at any reasonable time without notice or a search warrant.

Sec. 29. Minnesota Statutes 1988, section 349.19, is amended by adding a subdivision to read:

Subd. 8. [TERMINATION PLAN.] *Upon termination of a license for any reason, a licensed organization must notify the board in writing within 15 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.*

Sec. 30. Minnesota Statutes 1988, section 349.19, is amended by adding a subdivision to read:

Subd. 9. [ANNUAL AUDIT; FILING REQUIREMENT.] *An organization licensed under this chapter must have an annual financial audit of its lawful gambling activities and funds performed by an independent auditor licensed by the state of Minnesota or performed by an independent accountant who has had prior approval of the board. A complete, true, and correct copy of the audit report must be filed with the board upon completion of the audit.*

Sec. 31. Minnesota Statutes 1988, section 349.20, is amended to read:

349.20 [MANAGERS.]

(a) All lawful gambling conducted by a licensed organization must be under the supervision of one or more gambling managers. A gambling manager designated by an organization to supervise a gambling occasion is responsible for the gross receipts from the occasion and for its conduct in compliance with all laws and rules. An organization may designate a

different person to act as manager for each type of lawful gambling conducted. Each person designated as a gambling manager must give a fidelity bond in the sum of \$10,000 in favor of the organization conditioned on the faithful performance of the manager's duties, and the terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation.

(b) A person may not act as a gambling manager for more than one organization.

(c) *An organization may not conduct lawful gambling without having a gambling manager. The board must be notified in writing of a change in gambling managers. Notification must be made within ten days of the date the gambling manager assumes the manager's duties.*

Sec. 32. Minnesota Statutes 1988, section 349.21, is amended to read:
349.21 [COMPENSATION.]

Subdivision 1. [TO WHOM PAID.] Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that nonmanagement assistants who are not active members or spouses may be hired to assist in the conduct of lawful gambling in nonmanagement positions if approved by a majority of the organization's members.

Subd. 2. [AMOUNTS PAID.] The amounts of compensation which may be paid under this section may be provided for in a schedule of compensation adopted by the board by rule. In adopting a schedule the board must consider the nature of the participation and the types of lawful gambling participated in.

Subd. 3. [COMPENSATION RECORDS.] An organization paying compensation to persons for the conduct of lawful gambling must maintain a compensation record. The record must be retained for at least two years after the month in which the compensation is paid. The record must be an itemization of each payment made to each recipient of compensation, and must include the amount of compensation paid and the full name, home address, and membership status of each recipient.

Subd. 4. [COMPENSATION PAID BY CHECK.] Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's charitable gambling account, as specified in section 349.19.

Subd. 5. [PENALTY.] (a) An organization that makes payment of compensation, or causes compensation to be made, which violates the provisions of subdivision 4 shall be assessed a civil penalty not to exceed \$1,000 for each violation of subdivision 4. A second violation within 12 months of notification by the board to the organization of the first violation shall result in suspension of the organization's gambling license for a period of three months, in addition to any civil penalty assessed. A third violation within 12 months of the board's notification to the organization of the second violation shall result in revocation of the organization's gambling license in addition to any civil penalty assessed.

(b) Upon each violation the director shall notify the organization in writing of its violation and of the penalties under this subdivision for future violations. Notification is effective upon mailing.

(c) For purposes of this subdivision, a violation consists of a payroll period or compensation date that includes payments made in violation of subdivision 4.

Subd. 6. [PERCENTAGE OF GROSS RECEIPTS PAID.] A licensed organization may pay a percentage of the gross receipts from raffle ticket sales to a nonprofit organization which sells tickets for the licensed organization.

Subd. 7. [DIRECT PAYMENT.] All compensation must be paid directly from the organization to the employees of the organization.

Sec. 33. Minnesota Statutes 1988, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [RATE.] (a) There is hereby imposed a tax on all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except the tax imposed under subdivision 5 and a fee authorized under section 349.16, subdivision 4. The tax is payable as provided in this section.

On all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, the tax is ten percent of the gross receipts of a licensed organization from lawful gambling less prizes actually paid out, payable by the organization.

(b) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor to a licensed or exempt organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the ideal net of the pull-tab and tipboard deal. The tax is payable as provided in section 349.212, subdivision 8. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this paragraph. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this paragraph has been paid and is exempt from all local taxes and license fees except taxes and fees authorized under subdivision 5 and section 349.16, subdivision 4. The liability for the tax is incurred when the pull-tabs and tipboards are delivered by the distributor to the licensed or exempt organization, to a common or contract carrier for delivery to the organization, or when received by the organization's authorized representative at the distributor's place of business, unless the distributor's method of accounting is on a cash basis. The exemptions in section 349.214, subdivision 2, paragraph (b), do not apply to the tax imposed in this paragraph.

The tax imposed by this paragraph is imposed on all sales of pull-tabs and tipboards, except the following are exempt:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;*
- (2) sales to distributors licensed under this chapter;*
- (3) sales to distributors licensed under the laws of another state or of*

a Province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

Sec. 34. Minnesota Statutes 1988, section 349.212, is amended by adding a subdivision to read:

Subd. 6. [POWERS OF COMMISSIONER OF REVENUE.] (a) The commissioner of revenue has the same authority and powers over persons required to pay a tax under subdivision 1 as the commissioner has over persons liable for sales and use tax under chapter 297A.

(b) The commissioner of revenue may investigate and order the production of any records or books, or require the testimony of any person relating to enforcement of the collection of any tax owed under this chapter.

Sec. 35. Minnesota Statutes 1988, section 349.212, is amended by adding a subdivision to read:

Subd. 7. [DUE DATE FOR FILING RETURNS.] Tax returns required to be made under subdivision 1 must be filed on or before the 20th day of each month following the close of the preceding reporting period.

Sec. 36. Minnesota Statutes 1988, section 349.212, is amended by adding a subdivision to read:

Subd. 8. [TIME FOR PAYMENT.] The tax imposed by subdivision 1 is due and payable to the commissioner of revenue on or before the 20th day of the month after the reporting period in which the taxable event occurred. The tax must be reported on a form prescribed by the commissioner of revenue. The taxes received by the commissioner must be paid to the state treasurer and deposited in the general fund.

Sec. 37. Minnesota Statutes 1988, section 349.2121, subdivision 2, is amended to read:

Subd. 2. [RECORDS.] A distributor shall keep at each licensed place of business complete and accurate records for that place of business, including itemized invoices of pull-tabs and tipboards held, purchased, manufactured, or brought in or caused to be brought in from without this state, and of all sales of pull-tabs and tipboards. The records must show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all pull-tab and tipboard deals on hand, and other pertinent papers and documents relating to the purchase, sale, or disposition of pull-tab and tipboard deals. Books, records, and other papers and documents required by this section must be kept for a period of at least 3-1/2 years after the date of the documents, or the date of the entries appearing in the records, unless the commissioner of revenue authorizes in writing their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner of revenue, ~~executive secretary of the charitable gambling control board~~ director of gambling enforcement, or any of their duly authorized agents or employees, may enter a place of business of a distributor, ~~or charitable organization, or~~ any site from which pull-tabs or tipboards or other gambling equipment are being sold, ~~or any site at which lawful gambling is being conducted,~~ and inspect the premises and the records required to be kept under this section to determine whether or not all the provisions of this section are being fully complied with. If the commissioner of revenue, ~~executive secretary~~ director of gambling enforcement, or their duly authorized agents

or employees are denied free access to or are hindered or interfered with in making an inspection of the distributor's place of business, the permit of the distributor may be revoked by the commissioner, and the license of the distributor may be revoked by the charitable gambling control board.

Sec. 38. Minnesota Statutes 1988, section 349.2121, subdivision 3, is amended to read:

Subd. 3. [SUSPENSION, REVOCATION.] (a) The commissioner of revenue, after giving notice ~~and hearing~~, may for reasonable cause revoke or suspend a permit held by a distributor. A notice must be sent to the distributor at least ~~30~~ 15 days before the ~~hearing and give notice of the time and place of the hearing~~, proposed suspension or revocation is to take effect. The notice must give the reason for the proposed suspension or revocation, and must require the distributor to show cause why the proposed action should not be taken. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency.

(b) The notice must inform the distributor of the right to a contested case hearing. If a request in writing is made to the commissioner of revenue within 14 days of the date of the notice, the commissioner shall defer action on the suspension or revocation and shall refer the case to the office of administrative hearings for the scheduling of a contested case hearing. The distributor must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the distributor.

(c) The commissioner of revenue shall issue a final order following receipt of the recommendation of the administrative law judge.

(d) Under section 271.06, subdivision 1, an appeal to the tax court may be taken from the commissioner's order of revocation or suspension. The commissioner of revenue may not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with all applicable laws and rules.

Sec. 39. Minnesota Statutes 1988, section 349.2122, is amended to read:

349.2122 [MANUFACTURERS; REPORTS TO THE COMMISSIONER OF REVENUE; PENALTY.]

A manufacturer ~~registered~~ licensed with the board who sells pull-tabs and tipboards to a distributor licensed by the board must file with the commissioner of revenue, on a form prescribed by the commissioner, a report of pull-tabs and tipboards sold to licensed distributors. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. *The commissioner of revenue may inspect the books, records, and inventory of a licensed manufacturer without notice during the normal business hours of the manufacturer.* Any person violating this section shall be guilty of a misdemeanor.

Sec. 40. Minnesota Statutes 1988, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are contraband:

(1) all pull-tab or tipboard deals that do not have stamps affixed to them as provided in section 349.162;

(2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;

(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);

(4) *all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents; and*

(5) any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, or from one distributor to another, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clause (1);

(6) *any unaffixed registration stamps except as provided in section 349.162, subdivision 4;*

(7) *any prize used or offered in a game utilizing contraband as defined in this subdivision;*

(8) *any altered, modified, or counterfeit pull-tab or tipboard ticket;*

(9) *any unregistered gambling equipment except as permitted by this chapter; and*

(10) *any gambling equipment kept in violation of section 349.18.*

Sec. 41. Minnesota Statutes 1988, section 349.2125, subdivision 2, is amended to read:

Subd. 2. [SEIZURE.] ~~Pull-tabs or tipboards or other~~ Property made contraband by subdivision 1 may be seized by the commissioner of revenue or the ~~executive secretary of the charitable gambling control board~~ *director of gambling enforcement* or their authorized agents or by any sheriff or other police officer, hereinafter referred to as the seizing authority, with or without process, and shall be subject to forfeiture as provided in subdivisions 3 and 4.

Sec. 42. Minnesota Statutes 1988, section 349.2125, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within two days after the seizure of any alleged contraband, the person making the seizure shall deliver an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner of revenue or the ~~executive secretary of the charitable gambling control board~~ *director of gambling enforcement*. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within 30 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved.

When a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction as provided by law.

If demand for judicial determination is made and no action is commenced as provided in this subdivision, the property must be released by the seizing authority and delivered to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of forfeiture. When the seizing authority is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by section 349.2121, subdivision 4, the seizing authority shall release the property seized without further legal proceedings.

Sec. 43. Minnesota Statutes 1988, section 349.2127, subdivision 2, is amended to read:

Subd. 2. [PROHIBITION AGAINST POSSESSION.] (a) No person, other than a licensed distributor, shall sell, offer for sale, or have in possession with intent to sell or offer for sale, a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter.

(b) *A person, other than a licensed distributor, a licensed organization, or an exempt organization under section 349.214, may not possess with the intent to sell, pull-tabs or tipboards that are stamped in accordance with the provisions of this chapter, except for pull-tabs or tipboards to be sold by a licensed or exempt organization.*

(c) *No person, firm, or organization may possess altered, modified, or counterfeit pull-tabs or tipboard tickets with intent to sell, redeem, or exchange them.*

Sec. 44. Minnesota Statutes 1988, section 349.213, subdivision 2, is amended to read:

Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an organization license or bingo hall license, the board must notify the city council of the statutory or home rule city in which the organization's premises ~~are~~ or the bingo hall is located or, if the premises ~~are~~ or hall is located outside a city, by the county board of the county and the town board of the town where the premises ~~are~~ or hall is located. *The board may require organizations to notify the appropriate local government at the time of application. This required notification is sufficient to constitute the notice required by this subdivision.* If the city council or county board adopts a resolution disapproving the license and so informs the board within 60 days of receiving notice of the ~~license application~~, the license may not be issued or renewed.

Sec. 45. Minnesota Statutes 1988, section 349.214, subdivision 2, is amended to read:

Subd. 2. [LAWFUL GAMBLING.] (a) Raffles may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

(b) Lawful gambling may be conducted by an organization as defined

in section 349.12, subdivision 12, without complying with sections ~~349.14 to 349.14~~ and 349.151 to 349.16; 349.171 to 349.21; and 349.212 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization notifies the board in writing not less than ~~30~~ 60 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit ~~30~~ 60 days before the lawful gambling occasion;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(c) If the organization fails to file a timely report as required by paragraph (b), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is subsequently filed and the penalty paid.

(d) Merchandise prizes must be valued at their fair market value.

(e) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept all returns of unopened and undamaged deals returned under this paragraph.

Sec. 46. Minnesota Statutes 1988, section 349.22, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANOR.] A person who in any manner violates sections 349.11 to ~~349.214~~ 349.23 to evade ~~the~~ a tax imposed by a provision of this chapter, or who aids and abets evasion of ~~the~~ a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 349.2125, is guilty of a gross misdemeanor.

Sec. 47. Minnesota Statutes 1988, section 349.22, subdivision 3, is amended to read:

Subd. 3. [FELONY.] (a) A person violating section 349.2127, subdivision 1 or 3, is guilty of a felony.

(b) A person violating section 349.2127, ~~subdivisions 2 and subdivision 2 or 4~~, by possessing, receiving, or transporting more than ten pull-tab or tipboard deals ~~not stamped in accordance with this chapter, or a combination of more than ten deals of pull-tabs or tipboards~~, is guilty of a felony.

Sec. 48. [CHARITABLE GAMBLING CONTROL BOARD.]

The terms of all members serving on the charitable gambling control board on June 30, 1989, expire on that date.

Sec. 49. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall alphabetize the definitions in Minnesota Statutes, section 349.12.

Sec. 50. [APPROPRIATION.]

Subdivision 1. [APPROPRIATION.] \$ is appropriated from the general fund to the charitable gambling control board.

Subd. 2. [COMPLEMENT.] The complement of the charitable gambling control board is

Subd. 3. [TRANSFER OF EMPLOYEES.] All employees transferred from the charitable gambling control board to the commissioner of revenue by executive order issued prior to the effective date of this section are transferred to the charitable gambling control board.

Sec. 51. [REPEALER.]

Minnesota Statutes 1988, sections 349.151, subdivisions 3 and 5; 349.212, subdivisions 2 and 4; and 349.211, subdivision 4, are repealed.

Sec. 52. [EFFECTIVE DATE.]

Sections 1 to 23 and 25 to 51 are effective July 1, 1989. Section 24 is effective retroactively to November 1, 1988, and applies to any rule adopted by the charitable gambling control board on or after November 1, 1988."

Page 1, line 17, delete "1" and insert "3"

Page 3, line 13, after "shall" insert "request the division of gambling enforcement to"

Page 3, line 23, after "apprehension" insert "or the division of gambling enforcement"

Page 5, after line 12, insert:

"(3) owes \$500 or more in delinquent taxes as defined in section 270.72;"

Renumber the clauses in sequence

Page 6, line 4, delete "bureau of criminal apprehension" and insert "division of gambling enforcement"

Page 6, line 11, delete everything after the period

Page 6, delete lines 12 and 13

Page 9, line 12, delete everything after the first "the"

Page 9, line 13, delete "criminal apprehension" and insert "division of gambling enforcement"

Page 9, line 24, after "apprehension" insert "or division of gambling enforcement"

Page 19, line 14, delete "2" and insert "4"

Page 24, after line 23, insert:

"Sec. 6. Minnesota Statutes 1988, section 240.02, subdivision 1, is amended to read:

Subdivision 1. [COMMISSION CREATED.] A Minnesota racing commission is established with the powers and duties specified in Laws 1983,

this chapter 244. The commission consists of nine members appointed by the governor with the advice and consent of the senate. Not more than five of the members may belong to the same political party. The governor shall designate the chair of the commission. Of the members first appointed, three are for terms expiring June 30, 1985, three are for terms expiring June 30, 1987, and three are for terms expiring June 30, 1989. After the expiration of the initial term, Appointments are for terms of six years. An appointment to fill a vacancy in an unexpired term is for the remainder of the term and is with the advice and consent of the senate. The director of gambling enforcement shall serve as a nonvoting, ex officio member of the commission.

Sec. 7. Minnesota Statutes 1988, section 240.06, subdivision 3, is amended to read:

Subd. 3. [INVESTIGATION.] Before granting a class A license the commission shall conduct, or request the ~~bureau of criminal apprehension~~ *division of gambling enforcement* to conduct, a comprehensive background and financial investigation of the applicant and sources of financing. The commission may charge an applicant an investigation fee to cover the cost of the investigation, and shall from this fee reimburse the ~~bureau~~ *division of gambling enforcement* for ~~its~~ *the division's* share of the cost of the investigation. The commission has access to all criminal history data compiled by the bureau of criminal apprehension *and the division of gambling enforcement* on class A licensees and applicants.

Sec. 8. Minnesota Statutes 1988, section 240.07, subdivision 2, is amended to read:

Subd. 2. [HEARINGS; INVESTIGATIONS.] Before granting an initial class B license the commission shall hold at least one public hearing on the license. Comprehensive investigations must be conducted and their costs paid in the manner prescribed by section 240.06, subdivision 3. The commission has access to all criminal history data compiled by the bureau of criminal apprehension *and the division of gambling enforcement* on class B licensees and applicants.

Sec. 9. Minnesota Statutes 1988, section 240.08, subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIONS.] The commission shall investigate each applicant for a class C license to the extent it deems necessary, and may request the assistance of and may reimburse the ~~bureau of criminal apprehension~~ *division of gambling enforcement* in investigating applicants. The commission may by rule require that an applicant be fingerprinted or furnish the applicant's fingerprints. *Fingerprints taken or furnished under this subdivision may be forwarded to the Federal Bureau of Investigation for the conducting of a national criminal history check.* Investigations must be conducted and their costs paid in the manner prescribed by section 240.06, subdivision 3. The commission may cooperate with national and international organizations and agencies in conducting investigations. The commission may by rule provide for examining the qualifications of an applicant for the license being applied for. The commission has access to all criminal history data compiled by the bureau of criminal apprehension *and the division of gambling enforcement* on class C applicants and licensees.

Sec. 10. Minnesota Statutes 1988, section 240.13, is amended by adding a subdivision to read:

Subd. 9. [TRANSMISSION TO INDIAN LANDS; POOLING OF BETS.] A licensed racetrack may, with the approval of the horsepersons' organization representing the majority of horsepersons racing the breed involved, transmit telecasts of races the licensee conducts to sites on Indian lands of tribes who are lawfully conducting pari-mutuel wagering authorized by a tribal-state compact entered into pursuant to the Indian Gaming Regulatory Act, Public Law Number 100-497, or through litigation, arbitration, or mediation relative to that act. Nothing in this subdivision shall be construed to indicate that state policy or law permits or encourages the transmission of telecasts to sites on Indian lands. With prior approval of the commission, a licensed racetrack transmitting telecasts of races it conducts, to sites on Indian lands within or outside of Minnesota or to other locations outside the state, may commingle the amounts bet at the receiving entity with the pools at the sending licensed racetrack.

Sec. 11. Minnesota Statutes 1988, section 240.21, is amended to read:
240.21 [RIGHT OF INSPECTION.]

The commission, the division of gambling enforcement, and ~~its~~ their representatives have the right to inspect the licensed premises of a licensee and to examine the licensee's books and other records at any time without a search warrant."

Page 24, line 32, delete the first "1" and insert "3"

Page 25, line 9, delete the first "1" and insert "3"

Page 26, delete section 11

Page 28, after line 15, insert:

"Sec. 20. Minnesota Statutes 1988, section 609.76, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both:

- (1) maintains or operates a gambling place or operates a bucket shop;
- (2) intentionally participates in the income of a gambling place or bucket shop;
- (3) conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so;
- (4) sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop;
- (5) with intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40; ~~or~~
- (6) receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so; *or*
- (7) *pays any compensation for game credits earned on or otherwise rewards players of video games of chance as defined under section 349.50, subdivision 8."*

Page 28, after line 29, insert:

"Sec. 22. [INDIAN COMPACTS.]

Section 20 may not be construed as prohibiting the state from entering into a tribal-state compact under the provisions of the Federal Gaming Regulatory Act, Public Law No. 100-497, as it relates to video poker or blackjack games of chance currently operated by Indian tribes in this state."

Page 28, line 31, delete "15" and insert "9 and 11 to 22" and after the period, insert "*Section 10 is effective the day following final enactment.*"

Renumber the sections of article 4 in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "creating a division of gambling enforcement within the department of public safety; providing for its powers and duties; changing size and membership of charitable gambling control board; making changes in the manner in which charitable gambling is conducted; requiring audits; changing the requirement relating to distributors and manufacturers of gambling equipment; increasing the penalty for paying off on video games of chance;"

Page 1, line 4, after the semicolon, insert "authorizing transmission of races to sites on Indian lands and commingling of certain betting pools;"

Page 1, line 8, after the second semicolon, insert "240.02, subdivision 1; 240.06, subdivision 3; 240.07, subdivision 2; 240.08, subdivision 3; 240.13, by adding a subdivision; 240.21;"

Page 1, line 11, delete "349.18, subdivision 1" and insert "349.11; 349.12, subdivisions 3, 11, 12, 13, 15, 17, 20, and by adding subdivisions; 349.15; 349.151; 349.16, subdivision 4; 349.161; 349.162; 349.163; 349.164; 349.17, subdivision 2a; 349.18, subdivision 1, and by adding a subdivision; 349.19, subdivisions 2, 3, 6, and by adding subdivisions; 349.20; 349.21; 349.212, subdivision 1, and by adding subdivisions; 349.2121, subdivisions 2 and 3; 349.2122; 349.2125, subdivisions 1, 2, and 3; 349.2127, subdivision 2; 349.213, subdivision 2; 349.214, subdivision 2; 349.22, subdivisions 1 and 3"

Page 1, line 12, after the third semicolon, insert "609.76, subdivision 1;"

Page 1, line 14, delete "chapter" and insert "chapters 349 and"

Page 1, line 15, delete "chapter" and insert "chapters 299K and" and before the period, insert "; repealing Minnesota Statutes 1988, sections 349.151, subdivisions 3 and 5; 349.212, subdivisions 2 and 4; and 349.2121, subdivision 4"

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

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

H.F. No. 426: A bill for an act relating to the city of Mankato; authorizing location of certain polling places more than 3,000 feet outside precinct boundaries.

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

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

H.F. No. 695: A bill for an act relating to education; reducing the Askov school board from seven to six members; requiring local approval.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 450: A bill for an act relating to state lands; authorizing additions and deletions from certain state parks; authorizing nonpark use of certain state parks; authorizing sale and conveyance of certain state park lands; authorizing acquisition of certain land for road purposes; repealing Minnesota Statutes 1988, section 85.012, subdivision 39.

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

Page 1, delete lines 16 to 20 and insert:

"Subd. 2. [85.012] [Subd. 10.] [CAMDEN STATE PARK, LYON COUNTY.] The following area is added to Camden State Park: That part of the Northeast Quarter and the North Half of the Southeast Quarter, both in Section 17, Township 110 North, Range 42 West, lying easterly of the easterly right-of-way line of the Burlington Northern Railroad Company as now located and established and westerly of the westerly right-of-way line of Trunk Highway No. 23 as now located and established."

Page 3, line 4, delete "(a)"

Page 4, after line 2, insert:

"Sec. 6. Minnesota Statutes 1988, section 85.012, is amended by adding a subdivision to read:

Subd. 27a. High Falls State Park, Cook county.

Sec. 7. [HIGH FALLS STATE PARK.]

Subdivision 1. [BOUNDARY.] High Falls State Park is established and the following described lands are located within the boundaries of the park:

In Township 64 North, Range 6 East:

All of Government Lots 2, 3, and 4, and the East half of Government Lot 1.

In Township 64 North, Range 7 East:

All of Government Lot 1 of Section 19. All of Government Lot 5 of Section 29. All of Government Lot 3 of Section 30. All of Government Lot 2 of Section 30.

Subd. 2. [ACQUISITION.] (a) Except as provided in paragraph (b), the commissioner of natural resources is authorized to acquire by gift or purchase the lands for High Falls State Park.

(b) Except as provided in paragraphs (c) and (d) of this subdivision, the commissioner of natural resources may not acquire a fee simple interest in land of the United States or the Grand Portage Band within the boundaries of High Falls State Park for park purposes. The commissioner may not limit access by the Grand Portage Band across Government Lot 2, Section 30, or Government Lot 5, Section 29, both in Township 64 North, Range 7 East. However, the commissioner may acquire leasehold or other lesser interests in lands of the United States or the Band as may be necessary for development or operation of the park.

(c) After the land is acquired, the commissioner shall transfer title by quitclaim deed in the name of the state to the United States of America in trust for the Grand Portage Band of Chippewa Indians on condition that the Band, with the approval of the appropriate agency of the United States, must lease the land, at a nominal consideration of not to exceed \$100 per year, to the state for not less than 25 years, with the option to renew for an additional 25 years, for management and operation as a state park in the same manner as other state parks are administered.

(d) If at any time after termination of the lease the land is not used for public park purposes consistent with its past park use, it shall revert to the state and be used for public park purposes consistent with the park plan. This reverter is perpetual, notwithstanding the provisions of Minnesota Statutes, sections 500.20, 541.023, or any other law to the contrary.

Subd. 3. [PAYMENT IN LIEU OF TAXES FOR PRIVATE TRACTS.]

(a) If a tract or lot of privately owned land is acquired for inclusion within High Falls State Park and, as a result of the acquisition, taxes are no longer assessed against the tract or lot or improvements on the tract or lot, the following amount shall be paid by the commissioner of natural resources to Cook county for distribution to the taxing districts:

(1) in the first year after taxes are last required to be paid on the property, 80 percent of the last required payment;

(2) in the second year after taxes are last required to be paid on the property, 60 percent of the last required payment;

(3) in the third year after taxes are last required to be paid on the property, 40 percent of the last required payment; and

(4) in the fourth year after taxes are last required to be paid on the property, 20 percent of the last required payment.

(b) The commissioner shall make the payments from money appropriated for state park maintenance and operation. The county auditor shall certify to the commissioner of natural resources the total amount due to a county on or before March 30 of the year in which money must be paid pursuant to this section. Money received by a county pursuant to this subdivision shall be distributed to the various taxing districts in the same proportion as the levy on the property in the last year taxes were required to be paid on the property.

Subd. 4. [COOPERATION REQUIRED.] For the purpose of maximizing public outdoor recreational opportunities in the vicinity of the Pigeon River, at the request of the Grand Portage Band, the commissioner of natural resources shall cooperate, to the greatest extent possible, with the Grand Portage Band and Cook county in regard to outdoor recreation and tourism development such as the Superior Hiking Trail.

Subd. 5. [ADVISORY COMMITTEE.] The commissioner of natural resources must create an advisory committee to provide direction on the establishment, planning, development, and operation of the park. The commissioner of natural resources or the commissioner's designated representative is the chair of the advisory committee and the membership must include:

- (1) a representative of the Grand Portage Band, appointed by the Band;*
- (2) a citizen of the state, designated by the Grand Portage Band;*
- (3) a citizen of Cook county, designated by the county board; and*
- (4) for the first five years following the authorization of the park, a member of the Minnesota parks and trails council and foundation, designated by the foundation.*

Sec. 8. Minnesota Statutes 1988, section 85.012, subdivision 27a, is amended to read:

Subd. ~~27a~~. 27b. Hill-Annex Mine state park, Itasca county.

Sec. 9. [APPROPRIATION.]

The following amounts are appropriated from the general fund for the purposes specified:

<i>(a) for acquisition of lands and interests in lands</i>	<i>\$</i>
<i>(b) for development</i>	<i>\$400,000</i>
<i>(c) for operation, including the employment of two classified permanent employees in addition to the regular complement of permanent employees of the division of parks and recreation</i>	<i>\$ 87,000"</i>

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "providing for the establishment of High Falls State Park; appropriating money; amending Minnesota Statutes 1988, section 85.012, subdivision 27a, and by adding a subdivision;"

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

H.F. No. 832: A bill for an act relating to Ramsey county; authorizing the use of certain property for public purposes.

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

Page 1, line 7, delete "or other law,"

Page 1, line 8, delete "any" and insert "a" and delete "purpose" and insert "library"

Page 1, line 14, delete "larger"

Page 1, delete lines 19 to 21 and insert:

"This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 3, after "for" insert "a" and delete "purposes" and insert "library"

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

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

H.F. No. 243: A bill for an act relating to the department of revenue; recodifying information and disclosure provisions to increase uniformity of treatment and comply with the data privacy act; amending Minnesota Statutes 1988, sections 60A.17, subdivision 20; 82.27, subdivision 7; 147.091, subdivision 7; 148.10, subdivision 5; 148B.06, subdivision 3; 150A.08, subdivision 9; 171.31; 176.186; 176.231, subdivision 9; 256.978; 270.052; 270.064; 270.66, subdivision 3; 270.72, subdivision 4; 270.73, subdivision 1; 270A.11; 290.081; 290.174; 290.371, subdivision 5; 290.50, subdivision 6; 290.523, subdivision 1; 290.91; 290.92, subdivisions 5a, 17, and 26; 290A.112, subdivision 1; 297A.07; 326.20, subdivision 4; and 469.173, subdivision 5; proposing coding for new law as Minnesota Statutes, chapter 270B; repealing Minnesota Statutes 1988, sections 13.70; 290.05, subdivision 7; 290.61; 290A.17; 291.48; and 297A.43.

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

Pages 1 to 16, delete sections 1 to 21 and insert:

"Section 1. [270B.01] [DEFINITIONS.]

Subdivision 1. [WORDS, TERMS, AND PHRASES.] The definitions in this section apply to this chapter.

Subd. 2. [RETURN.] "Return" means a tax or information return, declaration of estimated tax, or claim for refund under Minnesota tax laws that is filed with the commissioner. "Return" includes any amendment or supplement to those documents, including supporting schedules, attachments, or lists that are supplemental to, or part of, the return. "Return" also includes any report, application, or other form required to be filed with the commissioner under Minnesota tax laws.

Subd. 3. [RETURN INFORMATION.] "Return information" means a taxpayer's identity, the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing, or any other data, received by, recorded by, prepared by, given to, or collected by the commissioner with respect to the determination of the existence, possible existence, or amount of liability of any person under Minnesota tax laws for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense. "Return information" includes the failure to file any return required to be filed with the commissioner under Minnesota tax laws. The term does not include data in a form that cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

Subd. 4. [TAX ADMINISTRATION.] "Tax administration" means:

(1) the administration, management, conduct, direction, and supervision of the execution and application of Minnesota tax laws; and

(2) the development and formulation of state tax policy relating to the existing or proposed tax laws and related statutes.

"Tax administration" includes assessment, collection, enforcement, litigation, publication, and statistical gathering functions under existing or proposed tax laws and related statutes.

Subd. 5. [TAXPAYER IDENTITY.] "Taxpayer identity" means the name of a person with respect to whom a return is filed, or the person's mailing address, or the person's taxpayer identifying number.

Subd. 6. [INSPECTED; INSPECTION.] "Inspected" and "inspection" mean any examination of a return or return information.

Subd. 7. [DISCLOSURE.] "Disclosure" means the making known to any person in any manner whatever a return or return information.

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Subd. 9. [COMMISSIONER.] "Commissioner" means the commissioner of revenue.

Subd. 10. [PERSON.] "Person" includes individuals, fiduciaries, estates, trusts, partnerships, and corporations.

Subd. 11. [TAXPAYER.] "Taxpayer" means a person required to file, or who files, a return with the commissioner under Minnesota tax laws.

Subd. 12. [DEPARTMENT OF REVENUE DATA.] "Department of revenue data" means data regarding tax administration collected, created, or maintained by the department of revenue.

Sec. 2. [270B.02] [CLASSIFICATION OF DATA.]

Subdivision 1. [GENERAL RULE.] Except as otherwise provided in this chapter, returns and return information are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12. Except as authorized by this chapter, the department of revenue, the commissioner, an officer or employee or former officer or employee of the department of revenue, a person engaged or retained by the department on an independent contract basis, or a person who, under sections 270B.05 to 270B.15, is permitted to inspect returns or return information may not disclose returns or return information.

Subd. 2. [PROTECTED NONPUBLIC DATA.] The following are protected nonpublic data as defined in section 13.02, subdivision 13:

(1) criteria for determining which computer processed returns are selected for audit;

(2) criteria for determining which returns are selected for an in-depth audit; and

(3) criteria for determining which accounts receivable balances below a stated amount are written off or canceled.

Subd. 3. [CONFIDENTIAL DATA ON INDIVIDUALS; PROTECTED NONPUBLIC DATA.] (a) *Except as provided in paragraph (b), names of informers, informer letters, and other unsolicited data, in whatever form, given to the department of revenue by a person, other than the data subject, that inform that a specific taxpayer is not or may not be in compliance with tax laws are confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivisions 3 and 13.*

(b) *Data under paragraph (a) may be disclosed with the consent of the informer or upon a written finding by a court that the information provided by the informer was false and that there is evidence that the information was provided in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.*

Subd. 4. [PUBLIC DATA.] *Information required to be filed by exempt individuals, corporations, organizations, estates, and trusts under section 290.05, subdivisions 1 and 4, is public data on individuals or public data not on individuals, as defined in section 13.02, subdivisions 14 and 15. The commissioner may publish a list of organizations exempt from taxation under section 290.05, except that the name or address of any contributor to any organization that is or was exempt, or that has applied for tax exempt status, or any other information that could not be disclosed under section 6104 of the Internal Revenue Code of 1986, as amended through December 31, 1988, is classified as private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12.*

Subd. 5. [MAINTAINING CLASSIFICATIONS.] *Notwithstanding section 13.03, subdivision 7, returns and return information retain the classification designated under this chapter. Notwithstanding sections 13.03, subdivision 8, and 13.10, department of revenue data classified under this chapter as nonpublic data, protected nonpublic data, private data on individuals, or confidential data on individuals remain so classified.*

Sec. 3. [270B.03] [DISCLOSURE TO DATA SUBJECT.]

Subdivision 1. [WHO MAY INSPECT.] *Returns and return information must, on written request, be made open to inspection by or disclosure to the data subject. For purposes of this chapter, the following are the data subject:*

- (1) *in the case of an individual return, that individual;*
- (2) *in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;*
- (3) *in the case of a partnership return, any person who was a member of the partnership during any part of the period covered by the return;*
- (4) *in the case of the return of a corporation or its subsidiary:*
 - (i) *any person designated by resolution of the board of directors or other similar governing body;*
 - (ii) *any officer or employee of the corporation upon written request signed by any officer and attested to by the secretary or another officer;*
 - (iii) *any bona fide shareholder of record owning one percent or more of the outstanding stock of the corporation;*
 - (iv) *if the corporation is a corporation that has made an election under section 1362 of the Internal Revenue Code of 1986, as amended through*

December 31, 1988, any person who was a shareholder during any part of the period covered by the return during which an election was in effect; or

(v) if the corporation has been dissolved, any person authorized by state law to act for the corporation or any person who would have been authorized if the corporation had not been dissolved;

(5) in the case of an estate return:

(i) the personal representative or trustee of the estate, and

(ii) any heir at law, next of kin, or beneficiary of the estate, but only if the commissioner finds that the heir at law, next of kin, or beneficiary has a material interest that will be affected by information contained in the return;

(6) in the case of a trust return:

(i) the trustee or trustees, jointly or separately; and

(ii) any beneficiary of the trust, but only if the commissioner finds that the beneficiary has a material interest that will be affected by information contained in the return; and

(7) if liability has been assessed to a transferee under section 290.29, the transferee is the data subject with regard to the returns and return information relating to the assessed liability.

Subd. 2. [INCAPACITATION.] If an individual is legally incapacitated under sections 525.539 to 525.61, or similar laws of another state, that individual's return and return information is, upon written request, open to inspection by or disclosure to the guardian or conservator appointed for the individual or the individual's estate.

Subd. 3. [DECEASED INDIVIDUALS.] Notwithstanding section 13.10, a return filed by or on behalf of a decedent is open to inspection by or disclosure to:

(1) the personal representative of the decedent's estate or trustee appointed under section 573.02, subdivision 3, or a similar law of another state; and

(2) any heir at law, next of kin, or beneficiary under the will of the decedent, or a donee of property, but only if the commissioner finds that the heir at law, next of kin, beneficiary, or donee has a material interest that will be affected by information contained in the return.

Subd. 4. [TITLE 11 OF THE UNITED STATES CODE AND RECEIVERSHIP PROCEEDINGS.] (a) If the commissioner finds that the trustee or receiver, in that person's fiduciary capacity, has a material interest that will be affected by information contained in the return, a return is open to inspection by or disclosure to the trustee or receiver if:

(1) there is a trustee in a title 11 (United States Bankruptcy Code) case in which the debtor is the person with respect to whom the return is filed; or

(2) substantially all of the property of the person with respect to whom the return is filed is in the hands of a receiver.

(b) In an involuntary bankruptcy case of an individual, no disclosure may be made under paragraph (a) until the order for relief has been entered

by the court having jurisdiction of the case, unless the court finds that disclosure is appropriate for purposes of determining whether an order for relief should be entered.

Subd. 5. [ATTORNEY IN FACT.] Any return or return information to which this section applies is, upon written request, open to inspection by or disclosure to the attorney in fact duly authorized in a writing signed by the data subject or to the person or persons designated by the data subject in a written request for or consent to the disclosure.

Subd. 6. [INVESTIGATIVE DATA.] Notwithstanding any law to the contrary, the disclosure of investigative data collected or created by the department of revenue in order to prepare a case against a person, whether known or unknown, for the commission of a crime is governed by section 13.82, subdivision 5, during an investigation. When the investigation becomes inactive, as defined in section 13.82, subdivision 5, the previous classifications become effective.

Subd. 7. [REQUESTS.] The commissioner may prescribe a form to be completed by the data subject requesting or authorizing inspection or disclosure of returns and return information.

Subd. 8. [ACCESS TO DATA.] Section 13.03, subdivision 3, applies to requests for access to data under this section.

Sec. 4. [270B.04] [STATISTICAL STUDIES.]

Subdivision 1. [GENERAL RULE.] The commissioner may compile statistical studies from information derived from returns and return information and may disclose the results of those studies. In addition, the commissioner may disclose statistical information from returns and return information to the governor, legislature, or another state agency to allow those governmental entities to conduct their own statistical studies.

Subd. 2. [PROTECTION FROM DISCLOSURE.] Notwithstanding subdivision 1, the commissioner may not disclose the results of a study and may not disclose any statistical information if, as a result of that disclosure:

- (1) the identity of a taxpayer who filed a return would be disclosed;
- (2) the identity of a taxpayer could reasonably be associated with any of the information that was derived from the taxpayer's return; or
- (3) the ability of the commissioner to obtain information from federal tax returns would, in the commissioner's judgment, be jeopardized in any manner.

Sec. 5. [270B.05] [DISCLOSURE IN TAX PROCEEDING.]

Subdivision 1. [JUDICIAL OR ADMINISTRATIVE PROCEEDING.] A return or return information may be disclosed in a judicial or administrative proceeding pertaining to or relating to tax administration as follows:

- (1) if the taxpayer is a party to the proceeding, or the proceeding arose out of, or in connection with, a determination of the taxpayer's civil or criminal liability or the collection of the taxpayer's civil liability, with respect to a tax imposed under Minnesota tax laws;
- (2) if the treatment of an item reflected on the return is directly related to the resolution of an issue in the proceeding; or
- (3) if the return or return information directly relates to a transactional

relationship between the taxpayer and a person who is a party to the proceeding when that relationship directly affects the resolution of an issue in the proceeding.

Subd. 2. [GOVERNMENT LEGAL REPRESENTATIVES.] *A return or return information may be inspected by or disclosed to the attorney general or other legal representatives of the state, county, or municipality in a proceeding involving or relating to tax administration as follows:*

(1) if the taxpayer is or may be a party to the proceeding, or the proceeding arose out of, or in connection with, the determination of the taxpayer's civil or criminal liability or the collection of the taxpayer's civil liability with respect to any tax imposed under Minnesota tax laws;

(2) if the treatment of an item reflected on the return is or may be related to the resolution of an issue in the proceeding; or

(3) if the return or return information relates or may relate to a transactional relationship between the taxpayer and a person who is or may be a party to the proceeding when that relationship affects or may affect the resolution of an issue in the proceeding.

Sec. 6. [270B.06] [DISCLOSURE IN INVESTIGATION.]

Subdivision 1. [CRITERIA FOR DISCLOSURE.] *In connection with official duties related to tax administration, the commissioner, the attorney general, or other legal representative of the state, county, or municipality may disclose returns or return information to the extent that the disclosure is necessary in obtaining information that is not otherwise reasonably available with respect to the correct determination of tax, liability for tax, or the amount to be collected, or with respect to the enforcement of another provision of the Minnesota tax laws.*

Subd. 2. [THIRD PARTY RETURNS.] *The commissioner, the attorney general, or other legal representative of the state, county, or municipality may disclose pertinent return information of a third party to a taxpayer subject to an investigation pertaining to tax administration if the treatment of an item reflected on the third party return is or may be related to the resolution of an issue in the investigation.*

Subd. 3. [DISCLOSURE TO EMPLOYER.] *The commissioner may disclose returns and return information of an employee to an employer for the purpose of and to the extent necessary to administer section 290.92, subdivision 5a.*

Sec. 7. [270B.07] [LICENSE CLEARANCE.]

Subdivision 1. [DISCLOSURE TO LICENSING AUTHORITIES.] *The commissioner may disclose return information with respect to returns filed under Minnesota tax laws to licensing authorities of the state or political subdivisions of the state to the extent necessary to enforce the license clearance programs under sections 60A.17, 82.27, 147.091, 148.10, 150A.08, and 270.72.*

Subd. 2. [DISCLOSURE TO COURT AND BOARD OF PROFESSIONAL RESPONSIBILITY.] *The commissioner may disclose return information to the Minnesota Supreme Court and the board of professional responsibility regarding the amount of an uncontested delinquent tax due under the Minnesota tax law or the failure to file a tax return due under Minnesota tax laws by an attorney admitted to practice law in this state*

under chapter 481.

Subd. 3. [EXTENT OF DISCLOSURE.] Data that may be disclosed under this section are limited to the name, address, amount of delinquency, and whether a return has been filed by an applicant for a license, licensee, or attorney.

Sec. 8. [270B.08] [SALES TAX PERMITS.]

Subdivision 1. [PERMIT INFORMATION.] The commissioner may disclose to any person making an inquiry regarding the issuance of a sales tax permit to a specific retailer whether a permit has been issued to the retailer, the name and address of the permit holder, the business name and location, the sales and use tax account number, and the date of issuance of the permit.

Subd. 2. [REVOCATION.] When a taxpayer's sales tax permit has been revoked under section 297A.07, the commissioner may disclose data identifying the holder of the revoked permit and the basis for the revocation.

Sec. 9. [270B.09] [CONTRACTS WITH THE STATE; SETOFF]

The commissioner may disclose to the department of finance or any state agency making payment to a vendor as described in section 270.66 or 290.97 whether the vendor has an uncontested delinquent tax liability owed to the commissioner and the amount of any liability.

Sec. 10. [270B.10] [INFORMATION IN PUBLIC RECORD.]

A return or return information that is a matter of public record is not subject to this chapter.

Sec. 11. [270B.11] [DISCLOSURE TO LOCATE TAXPAYERS OWED REFUND.]

To locate the named payee on state warrants issued under the Minnesota tax laws and undeliverable by the United States postal service, the commissioner may publish in a newspaper of general circulation in this state, or make available to radio or television stations, a list of the name and the last known address of the payee as shown on the returns filed with the commissioner. The list must not contain any additional information set forth on a return. The commissioner may exclude the names of payees whose refunds are in an amount that is less than a minimal amount to be determined by the commissioner. The publication or announcement must include instructions on how to claim the warrants.

Sec. 12. [270B.12] [DISCLOSURE TO STATE AND FEDERAL AUTHORITIES.]

Subdivision 1. [IRS; STATE RECIPROCITY.] Returns and return information may be open to inspection by or disclosure to the Internal Revenue Service, the Multistate Tax Commission, or to any state agency, body, or commission, or its legal representatives, that is charged under the laws of that state with the responsibility for administration of state tax laws. Inspection or disclosure is permitted to the extent that the state agency, body, or commission gives similar rights of inspection or disclosure to officials of this state. The commissioner may enter into an agreement with the Internal Revenue Service or another state agency, body, or commission outlining procedures to implement the exchange of information under this section, but an agreement may provide for the disclosure of data only to the extent allowed under this section. Inspection or disclosure is allowed

only for the purpose of and to the extent necessary for the administration of tax laws.

Subd. 2. [MUNICIPALITIES.] Sales and use tax returns and return information are open to inspection by or disclosure to the taxing officials of any municipality of the state of Minnesota that has a local sales or use tax, for the purpose of and to the extent necessary for the administration of the local sales and use tax.

Subd. 3. [REQUEST FORM; NAMED INSPECTOR.] Inspections and disclosures permitted under subdivisions 1 and 2 are allowed only upon written request in a form prescribed by the commissioner and may be made only to the representatives of the agency, body, or commission named in the written request as the individuals who are to inspect or receive the returns or return information on behalf of the agency, body, or commission.

Subd. 4. [DEPARTMENT OF PUBLIC SAFETY.] The commissioner may disclose return information to the department of public safety for the purpose of and to the extent necessary to administer section 270.73.

Subd. 5. [PROTECTION OF RETURNS FROM IRS OR OTHER STATES.] Disclosure of returns and return information received by the commissioner from the Internal Revenue Service or another state or received by the Internal Revenue Service or another state from the commissioner is governed by the law applicable to the Internal Revenue Service or state that more stringently protects the information from disclosure.

Subd. 6. [DEPARTMENT OF REVENUE EMPLOYEES; ATTORNEY GENERAL.] Returns and return information may be open to inspection by or disclosure to an employee of the department of revenue and the attorney general for the purpose of and to the extent necessary to administer tax laws.

Sec. 13. [270B.13] [VENDORS HIRED FOR TAX ADMINISTRATION PURPOSES.]

Subdivision 1. [ACCESS TO DATA.] Independent contractors and vendors performing services for the department of revenue in connection with the following activities have access to private data on individuals and nonpublic data to the extent necessary to perform that service: (1) the processing of returns and the payment of tax; (2) developing, implementing, and using computer programs or equipment; (3) microfilming returns and return information; (4) preparing tax return labels; or (5) any other authorized services connected to tax administration.

Subd. 2. [PROCEDURES TO PROTECT INFORMATION.] An independent contractor or a vendor performing services under subdivision 1 must establish procedures for safeguarding the information.

Sec. 14. [270B.14] [DISCLOSURE FOR PURPOSES OTHER THAN TAX ADMINISTRATION.]

Subdivision 1. [DISCLOSURE TO COMMISSIONER OF HUMAN SERVICES.] (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or

alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

Subd. 2. [DISCLOSURE TO DEPARTMENT OF JOBS AND TRAINING.] *(a) Data relating to individuals are treated as follows:*

(1) Return information may be disclosed to the department of jobs and training to the extent provided in clause (2) and for the purposes provided in clause (3).

(2) The data that may be disclosed is limited to the amount of gross income earned by an individual, the total amounts of earnings from each employer, and the employer's name.

(3) Data may be requested pertaining only to individuals who have claimed benefits under sections 268.03 to 268.231 and only if the individuals are the subject of investigations based on other information available to the department of jobs and training. Data received may be used only as set forth in section 268.12, subdivision 12, clause (d).

(b) Data pertaining to corporations or other employing units may be disclosed to the department of jobs and training to the extent necessary for the proper enforcement of chapter 268.

Subd. 3. [ADMINISTRATION OF ENTERPRISE ZONE PROGRAM.] *The commissioner may disclose return information relating to the taxes imposed by chapters 290 and 297A to the department of trade and economic development or a municipality receiving an enterprise zone designation under section 469.169 but only as necessary to administer the funding limitations under section 469.169, subdivision 7.*

Subd. 4. [REVENUE RECAPTURE.] *(a) The commissioner may disclose return information to a claimant agency as defined in section 270A.03, subdivision 2, with respect to returns filed under chapters 290 and 290A, as limited by paragraph (b) as necessary to accomplish the intent of chapter 270A.*

(b) The commissioner may disclose to the claimant agency only the name, address, social security number and the amount of refund of a debtor, as defined in section 270A.03, subdivision 4.

Subd. 5. [CHILD SUPPORT DEBTORS.] *The commissioner may disclose returns and return information with respect to returns filed under chapter 290, to the extent necessary to accomplish the intent of section 290.50, subdivision 6, providing for the withholding of income tax refunds from child support debtors pursuant to court order.*

Subd. 6. [BUSINESS ACTIVITIES REPORT.] *The commissioner may disclose information regarding the filing of a report or a return to the extent provided in and for the purpose of section 290.371.*

Subd. 7. [MINNESOTA RACING COMMISSION.] *The commissioner*

may disclose return information relating to the taxes imposed by chapter 290 to the Minnesota racing commission with respect to an applicant or a holder of a license issued by the Minnesota racing commission or an owner of a horse entered in an event licensed by the Minnesota racing commission.

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF JOBS AND TRAINING, LABOR AND INDUSTRY, AND REVENUE.] *Notwithstanding any law to the contrary, the departments of jobs and training, labor and industry, and revenue may exchange information on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent.*

Subd. 9. [REQUESTS FOR DATA.] *Requests for data under this section must be in the form the commissioner prescribes.*

Subd. 10. [PROCEDURES TO PROTECT INFORMATION.] *A state agency or municipality receiving department of revenue data under this chapter must establish procedures for safeguarding the information.*

Sec. 15. [270B.15] [DISCLOSURE TO LEGISLATIVE AUDITOR.]

Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.98.

Sec. 16. [270B.16] [DISCOVERY OF REVENUE DATA.]

Notwithstanding any law to the contrary, data collected by the department of revenue are not subject to discovery in a legal action, other than an action or proceeding in connection with tax administration, unless disclosure of the data is authorized under this chapter.

Sec. 17. [270B.17] [REMEDIES.]

The civil remedies provided in section 13.08 are available to remedy violations of any provision of this chapter.

Sec. 18. [270B.18] [CRIMINAL PENALTIES.]

Subdivision 1. [UNAUTHORIZED WILLFUL DISCLOSURE.] *A person willfully making a disclosure not authorized by this chapter is guilty of a gross misdemeanor.*

Subd. 2. [UNAUTHORIZED COMPUTER DATA ACCESS.] *In addition to the computer crimes provided in sections 609.87 to 609.89, a person who intentionally and without authority attempts to or does penetrate property or a computer program or programs, as defined in section 609.87, containing department of revenue data, is guilty of a gross misdemeanor.*

Subd. 3. [PUBLIC EMPLOYEE VIOLATIONS.] *A willful violation of this chapter by a public employee constitutes just cause for suspension without pay or dismissal of the public employee.*

Sec. 19. [270B.19] [RULES.]

The commissioner may adopt rules necessary for the enforcement and administration of this chapter consistent with its provisions.

Sec. 20. [REPEALER.]

Minnesota Statutes 1988, sections 13.70; 290.05, subdivision 7; 290.61; 290A.17; 291.48; and 297A.43 are repealed.

Sec. 21. [EFFECTIVE DATE.]

This article is effective July 1, 1989, and applies to all department of revenue data created, collected, or maintained on, before, or after that date."

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

H.F. No. 343: A bill for an act relating to collection and dissemination of data; defining certain mineral data supplied to the commissioner of natural resources as nonpublic data; proposing coding for new law in Minnesota Statutes, chapter 13.

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

Delete everything after the enacting clause and insert:

"Section 1. [13.793] [NATURAL RESOURCES MINERAL DATA.]

Subdivision 1. [NONPUBLIC DATA.] Except as provided in subdivision 2, the following data received and maintained by the commissioner of natural resources are nonpublic data:

(1) a letter or other documentation from a person that is supplied to the commissioner before a public lease sale of metallic or other minerals for the purpose of making suggestions or recommendations about which state lands may be offered for public lease sale; or

(2) a written report or other documentation of private analyses of a state-owned or controlled drill core that is public data and is under the custody of the commissioner.

Subd. 2. [DATA BECOME PUBLIC.] Data under subdivision 1, clause (1), become public data three years after the date the lease sale was held or, if not held, within three years after the date the lease sale was scheduled to be held. Data under subdivision 1, clause (2), become public data 90 days after receipt by the commissioner.

Sec. 2. [EFFECTIVE DATE.]

This act is effective July 1, 1989."

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

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

H.F. No. 306: A bill for an act relating to trusts; providing for their creation, validity, administration, and supervision; providing for the sale of real property; relating to legal estates in real and personal property; relating to estates; amending Minnesota Statutes 1988, sections 500.17, subdivision 2; and 502.73; proposing coding for new law as Minnesota Statutes, chapter 501B; proposing coding for new law in Minnesota Statutes, chapter 525; repealing Minnesota Statutes 1988, sections 500.13; 501.01; 501.02; 501.03; 501.04; 501.05; 501.06; 501.07; 501.08; 501.09; 501.10; 501.11; 501.115; 501.12; 501.125; 501.13; 501.14; 501.15; 501.155; 501.16; 501.17; 501.18; 501.19; 501.195; 501.20; 501.21; 501.211; 501.22; 501.23;

501.24; 501.25; 501.26; 501.27; 501.28; 501.29; 501.30; 501.31; 501.32; 501.33; 501.34; 501.35; 501.351; 501.36; 501.37; 501.38; 501.39; 501.40; 501.41; 501.42; 501.43; 501.44; 501.45; 501.46; 501.461; 501.48; 501.49; 501.50; 501.51; 501.52; 501.53; 501.54; 501.55; 501.56; 501.57; 501.58; 501.59; 501.60; 501.61; 501.62; 501.63; 501.64; 501.65; 501.66; 501.67; 501.71; 501.72; 501.73; 501.74; 501.75; 501.76; 501.77; 501.78; 501.79; 501.80; 501.805; 501.81; 501A.01; 501A.02; 501A.03; 501A.04; 501A.05; 501A.06; and 501A.07.

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

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

Page 3, delete section 9

Page 3, line 17, delete "501B.10" and insert "501B.09"

Page 4, line 1, delete "*such*"

Page 4, line 2, delete "39" and insert "38"

Page 4, line 16, delete "501B.11" and insert "501B.10"

Page 6, line 26, delete "501B.12" and insert "501B.11"

Page 6, line 36, delete the comma and insert a colon

Page 7, line 8, delete "501B.13" and insert "501B.12"

Page 8, line 12, delete "76" and insert "75"

Page 8, line 15, delete "26" and insert "25" and delete "34" and insert "33"

Page 8, line 17, delete "71" and insert "70"

Page 8, line 25, delete "*14 or 20*" and insert "*13 or 19*"

Page 8, line 31, after "*of*" insert "*a*" and delete "*trusts*" and insert "*trust*"

Page 9, line 4, delete "*14 or 20*" and insert "*13 or 19*" and delete "*appropriate district*" and after "*court*" insert "*in which the prior proceedings were held*"

Page 9, line 6, delete "*14*" and insert "*13*"

Page 9, line 7, delete the third "*a*" and insert "*notice and*"

Page 9, line 8, delete "*has*" and insert "*have*"

Page 9, line 9, before "*Notice*" insert "*Unless waived,*"

Page 10, line 7, delete "*14*" and insert "*13*"

Page 10, line 23, delete "*21*" and insert "*20*"

Page 10, line 27, delete "*20*" and insert "*19*"

Page 11, lines 8, 10, and 12, delete "*14 to 21*" and insert "*13 to 20*"

Page 12, lines 1 and 26, delete "*14*" and insert "*13*"

Page 12, line 3, delete "*can be*" and insert "*possible*"

Page 12, line 9, delete "*an existing statute authorizing*" and insert "*a statute that authorizes*"

Page 12, line 10, delete "*corporations*" and insert "*a corporation*" and delete "*permitting*" and insert "*that permits a*"

Page 12, line 11, delete "*corporations*" and insert "*corporation*"

Page 12, line 12, delete "*under any existing statute*"

Page 12, line 13, after "3" insert "*of this section*"

Page 12, line 23, after "*trust*" insert a comma

Page 12, line 24, delete "*that property*" and insert "*, the property given, entrusted, or devised*" and delete "*such a*" and insert "*that*"

Page 12, line 25, before the period, insert "*and in accordance with the condition, limitation, or restriction*"

Page 12, line 33, after "*instrument*" insert a comma

Page 12, line 36, after "*that*" insert "*will,*"

Page 13, line 1, delete "*will*" and delete "*can be*" and insert "*possible*"

Page 13, line 7, after "*notice*" insert "*of any court proceedings*"

Page 13, line 8, delete "*16 of any court proceedings*" and insert "*15*"

Page 13, line 10, delete "*in those court proceedings*"

Page 13, line 14, delete "*creating*" and insert "*that creates*"

Page 14, lines 4 and 14, delete "*which*" and insert "*that*"

Page 14, lines 28, 32, and 36, delete "*26 to 38*" and insert "*25 to 37*"

Page 15, lines 4 and 7, delete "*24 to 38*" and insert "*23 to 37*"

Page 15, line 12, delete the first "*A*" and delete "*is*" and insert "*means*"

Page 15, line 13, delete "*arising*" and insert "*that arises*"

Page 15, line 15, delete "*subjecting*" and insert "*that subjects*"

Page 15, line 24, delete "*30*" and insert "*29*"

Page 15, line 25, delete "*31*" and insert "*30*" and after "*or*" insert "*an*" and delete "*having*" and insert "*with*"

Page 15, line 32, before "*religious*" insert "*a*" and delete "*associations*" and insert "*association*" and after "*or*" insert "*chapter*"

Page 15, line 33, delete the first "*and*" and insert ";

(3) *a*" and delete "*trusts*" and insert "*trust*"

Page 15, line 34, delete "*such*"

Page 15, line 35, before the semicolon, insert "*organized under chapter 315 or chapter 317*"

Page 15, line 36, delete the first "*3*" and insert "*4*"

Page 16, lines 3, 5, and 8, delete "*4*" and insert "*5*"

Page 16, line 16, delete "*5*" and insert "*6*"

Page 16, line 17, delete "*6*" and insert "*7*"

Page 16, line 20, delete "*7*" and insert "*8*"

Page 16, line 26, delete "*30 and 31*" and insert "*29 and 30*"

Page 16, lines 31 and 33, delete "26 to 38" and insert "25 to 37"

Page 16, line 34, delete "creating" and insert "that created"

Page 17, line 5, delete "26 to 38" and insert "25 to 37"

Page 17, line 18, delete "of reports as to" and insert "requirements under subdivision 1 for"

Page 17, line 20, delete "and" and insert a period

Page 17, line 21, delete "if" and insert "If the filing requirements are suspended," and delete "files" and insert "shall file"

Page 17, line 32, after "investigations" insert "that are" and after "for" insert ": (1)"

Page 17, line 33, delete everything after "sections" and insert "25 to 37; or (2)"

Page 17, line 36, after "section" insert a comma

Page 18, line 3, delete "which" and insert "that"

Page 18, line 4, delete ", in accordance with"

Page 18, line 5, delete "this subdivision"

Page 18, line 8, delete "30.04, and 31.04" and insert "and 30.04,"

Page 18, line 13, after "and" insert a comma

Page 18, line 14, after "cause" insert a comma

Page 18, line 31, delete "to" in both places

Page 18, line 32, delete "as required by subdivision 1,"

Page 18, line 33, delete "give" and insert ", upon" and delete "that the attorney general will" and insert "to the person,"

Page 18, line 34, delete "receiving it"

Page 18, line 35, delete "and the court, on" and insert "for an order to compel compliance. On"

Page 18, line 36, after the comma, insert "the court" and delete "required"

Page 19, line 3, delete "The custodians of the" and insert "A custodian of"

Page 19, line 6, after "shall" insert ", upon request,"

Page 19, delete line 7 and insert "to the attorney general, free of charge, copies of records"

Page 19, line 8, delete "custodian's office" and delete "26 to 38" and insert "25 to 37"

Page 19, line 9, delete everything before the period

Page 19, line 11, delete "receiving" and insert "that receives"

Page 19, line 12, delete "applications" and insert "an application" and delete "of" and insert "from"

Page 19, lines 13 and 21, delete "26 to 38" and insert "25 to 37"

Page 19, line 23, delete "existing" and insert "all other"

- Page 19, line 25, after "*of*" insert a comma
- Page 19, line 26, after "*in*" insert a comma
- Page 20, line 7, delete "*which*" and insert "*that*" in both places
- Page 20, line 16, after "*and*" insert a comma
- Page 20, line 17, after "*relief*" insert a comma
- Page 20, line 18, delete "*such*" and insert "*the*"
- Page 20, line 22, delete "*such*" and insert "*the*" and delete "*unless*"
- Page 20, line 23, delete "*waives*" and insert "*waived*"
- Page 20, line 25, delete "*which*" and insert "*that*"
- Page 20, line 26, delete "*thinks*" and insert "*believes*"
- Page 21, line 27, delete "30" and insert "29"
- Page 21, line 28, delete "31" and insert "30"
- Page 21, line 34, delete "26 to 38" and insert "25 to 37"
- Page 22, line 1, delete "*in a court of competent jurisdiction*"
- Page 22, lines 9, 15, and 33, delete "26 to 38" and insert "25 to 37"
- Page 23, line 12, delete "*so as*"
- Page 23, line 22, after "*an*" insert "*annual*" and delete "*annually*"
- Page 23, line 35, delete "*which*" and insert "*that*"
- Page 24, lines 1 and 9, delete "21" and insert "20"
- Page 24, line 7, delete "*which*" and insert "*that*"
- Page 24, line 11, delete "14" and insert "13"
- Page 24, line 28, delete "39" and insert "38"
- Page 24, line 30, delete "39" and insert "38"
- Page 24, line 31, after "*appropriate*" insert a comma and before the colon, insert "*that*"
- Page 24, line 32, delete "*that,*"
- Page 25, lines 2 and 30, delete "*that*"
- Page 25, line 7, delete "39" and insert "38"
- Page 25, line 14, delete "40" and insert "39"
- Page 25, lines 15 and 35, delete "40" and insert "39"
- Page 25, line 17, before the colon, insert "*that*"
- Page 25, lines 18 and 24, delete "*that,*"
- Page 26, line 8, delete "39 or 40" and insert "38 or 39"
- Page 26, lines 11 and 21, delete "39" and insert "38"
- Page 26, lines 12 and 29, delete "40" and insert "39"
- Page 26, lines 24 and 33, delete "*(and*" and insert "*and,*"
- Page 26, lines 26 and 34, after "525.54" insert a comma

Page 26, line 28, delete "*beneficiary*)" and insert "*beneficiary,*"

Page 26, line 36, delete "*person*)" and insert "*person,*"

Page 27, line 6, delete "*has no*" and insert "*does not have a*"

Page 27, line 17, delete "42" and insert "41"

Page 27, line 29, delete "39" and insert "38"

Page 27, line 31, delete "40" and insert "39"

Page 28, lines 1, 13, 30, and 33, delete "44" and insert "43"

Page 28, line 4, delete "*and*" and insert ". *At least 15 days before the hearing on the confirmation of the agreement, the trustee or receiver shall*"

Page 28, line 6, delete "42" and insert "41"

Page 28, line 7, delete everything after "*petition*"

Page 28, line 8, delete everything before the period

Page 28, line 12, delete "45" and insert "44"

Page 28, line 26, delete "*shall*" and insert "*must*"

Page 29, line 15, delete "44" and insert "43"

Page 29, line 24, delete "*sections 45 and 46*" and insert "*this section and section 44*"

Page 29, line 25, delete "39 to 44" and insert "38 to 43"

Page 29, line 27, delete "46" and insert "45"

Page 29, line 29, delete "46" and insert "45"

Page 29, line 34, delete "39 to 47" and insert "38 to 46"

Page 29, line 35, delete "39 to 47" and insert "38 to 46"

Page 30, lines 5, 29, and 31, delete "49 to 66" and insert "48 to 65"

Page 31, line 6, delete "49 to 66" and insert "48 to 65"

Page 31, line 14, after "*principal*" insert a comma

Page 31, lines 15 and 21, delete "55" and insert "54"

Page 31, line 18, delete "53" and insert "52"

Page 31, line 19, delete "51" and insert "50"

Page 31, line 23, delete "56" and insert "55"

Page 31, line 25, delete "57 and 58" and insert "56 and 57"

Page 31, line 27, delete "59" and insert "58"

Page 31, line 29, delete "60" and insert "59"

Page 32, lines 6 and 17, after "*principal*" insert a comma

Page 32, line 10, delete "54" and insert "53"

Page 32, line 12, delete "55" and insert "54"

Page 32, line 14, delete "57 and 58" and insert "56 and 57"

Page 32, line 16, delete "59" and insert "58"

Page 32, lines 18 and 20, delete "60" and insert "59"

Page 32, line 22, delete "56 and 61" and insert "55 and 60"

Page 32, line 25, delete "49 to 66" and insert "48 to 65"

Page 32, line 26, delete "61" and insert "60"

Page 32, line 32, delete "*becoming*" and insert "*that becomes*"

Page 33, line 5, delete "*becoming*" and insert "*that becomes*"

Page 33, line 12, delete "*accruing*" and insert "*that accrues*"

Page 33, line 24, after "*payments*" insert a comma

Page 34, line 17, delete "*(excluding*" and insert "*, excluding*" and delete "*gains)*" and insert "*gains,*"

Page 34, line 23, after the second "*income*" insert a comma

Page 34, line 24, delete "*(excluding*" and insert "*excluding*" and delete "*gains)*" and insert "*gains,*"

Page 36, line 5, delete "49 to 66" and insert "48 to 65"

Page 38, line 15, delete "57 and 58" and insert "56 and 57"

Page 38, line 22, delete "*shall be*" and insert "*is*"

Page 38, line 30, delete "*which*" and insert "*that*"

Page 39, line 20, delete "*which*" and insert "*that*" and delete "*land or*" and insert "*, but not limited to, land,*"

Page 39, line 21, delete "*for example,*" and insert "*or*"

Page 40, line 23, delete "49 to 66" and insert "48 to 65"

Page 41, line 14, delete "53" and insert "52"

Page 41, line 25, delete "52" and insert "51"

Page 41, lines 27 and 34, delete "49 to 66" and insert "48 to 65"

Page 42, line 1, delete "49 to 66" and insert "48 to 65"

Page 42, line 33, delete "1986" and insert "1988" and after "501.63" insert a comma

Page 43, lines 4, 11, 15, and 19, delete "49 to 66" and insert "48 to 65"

Page 43, line 23, delete "67 to 70" and insert "66 to 69"

Page 43, line 31, delete "69" and insert "68"

Page 48, line 14, delete "67 to 70" and insert "66 to 69"

Page 50, line 4, delete "*which*" and insert "*that*"

Page 51, line 4, delete "*However, one*" and insert "*Unless the disclaimer provides otherwise, a person*"

Page 51, line 6, delete "*, unless the disclaimer so provides,*"

Page 51, line 27, delete "*duly*"

Page 51, line 29, delete "*then*"

Page 53, lines 9 and 20, delete "10" and insert "9"

Page 54, line 18, delete "*may petition*"

Page 54, line 19, delete "*and*"

Page 55, line 32, delete "*48, 61, 63, 71*" and insert "*47, 60, 62, 70*" and delete "*73*" and insert "*72*"

Page 56, lines 13 and 14, delete "*501.81; 501A.01; 501A.02; 501A.03; 501A.04; 501A.05; 501A.06; and 501A.07*" and insert "*and 501.81*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 25 and 26, delete "*501.81; 501A.01; 501A.02; 501A.03; 501A.04; 501A.05; 501A.06; and 501A.07*" and insert "*and 501.81*"

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

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

H.F. No. 141: A bill for an act relating to education; correcting, clarifying, and changing certain education statutes; amending Minnesota Statutes 1988, sections 120.062, subdivisions 1 and 12; 120.075, subdivision 5; 120.0751, subdivision 6; 120.0752, subdivision 4; 121.88, subdivision 10; 121.904, subdivision 4a; 121.912, subdivision 1; 123.3515, subdivision 9; 123.36, subdivision 13; 123.705, subdivision 1; 124.155, subdivision 2; 124.214, subdivisions 2 and 3; 124.225, subdivisions 1, 4b, 7a, 7b, 8a, 8b, 8i, 8j, 8k, 8l, 10, and by adding a subdivision; 124.2445; 124.245, subdivision 6; 124.575, subdivision 1; 124A.24; 126.22, subdivisions 2 and 3; and 275.125, subdivisions 5b, 5c, 5e, 9, and 11d; Laws 1987, chapter 398, article 6, section 19, subdivision 9.

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

Page 20, line 26, after "*certificates*" insert "*or notes*"

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

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

H.F. No. 943: A bill for an act relating to health; requiring post-secondary students to submit a statement of immunization; providing exemptions; amending Minnesota Statutes 1988, section 123.70, subdivisions 1, 2, 4, 8, 9, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 135A.

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

Page 3, after line 16, insert:

"Sec. 4. Minnesota Statutes 1988, section 123.70, subdivision 7, is amended to read:

Subd. 7. Each school or day care facility shall maintain on file immunization records for all persons in attendance ~~which contains~~ *that contain* the information required by subdivisions 1, 2, and 3. The department of health and the board of health, as defined in section 145A.02, subdivision

2, in whose jurisdiction the school or day care facility is located, shall have access to the files maintained pursuant to this subdivision. When a person transfers to another elementary or secondary school or day care facility, the administrator or other person having general control and supervision of the school or day care facility shall assist the person's parent or guardian in the transfer of the immunization file to the person's new school or day care facility within 30 days of the transfer. *Upon the request of a public or private post-secondary educational institution, as defined in section 8, the administrator or other person having general control or supervision of a school shall assist in the transfer of a student's immunization file to the post-secondary institution.*"

Page 5, line 5, delete "(h)" and insert "(g)"

Page 5, line 30, after "(4)" insert "public technical institutes; (5)"

Page 5, line 31, delete "colleges" and insert "institutions" and delete "and (5)" and insert "(6)"

Page 5, line 32, before the period, insert "; and (7) schools subject to chapter 141, sections 136A.61 to 136A.71, and schools exempt under section 136A.657"

Page 6, line 11, after the period, insert "Instead of submitting a statement, a student may provide an immunization record maintained by a school according to section 123.70, subdivision 7, or a school in another state if the required information is contained in the record."

Page 6, line 30, after "The" insert "immunization"

Page 7, line 3, delete "4" and insert "3 and 5" and delete "5" and insert "4, 6,"

Page 7, line 4, delete "7" and insert "8" and delete "6" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "4," and insert "7,"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

H.F. No. 931: A bill for an act relating to motor vehicles; requiring owner to retain certificate of title, rather than secured party; requiring buyer to deliver certificate of title to department of public safety; allowing commissioner of public safety to suspend or revoke certificate of title if owner does not surrender it and vehicle is involuntarily transferred; amending Minnesota Statutes 1988, sections 168A.02, subdivision 1; 168A.04, subdivision 2; 168A.05, subdivision 5; 168A.06; 168A.09; 168A.10; 168A.11, subdivision 1; 168A.12, subdivision 2; 168A.14; 168A.18; 168A.20, subdivision 1, and by adding subdivisions; 168A.23, subdivision 1; repealing Minnesota Statutes 1988, sections 168A.26; 168A.27; and 168A.28.

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

Page 2, after line 13, insert:

"Sec. 4. Minnesota Statutes 1988, section 168A.05, is amended by adding a subdivision to read:

Subd. 5a. [POLLUTION CONTROL EQUIPMENT DISCLOSURE.] The certificate of title shall contain a form for disclosure by the transferor of the condition of the vehicle's pollution control equipment as required by section 325E.0951. The disclosure form must be as prescribed by the registrar."

Page 8, line 32, delete "168.28" and insert "168A.28"

Page 8, line 34, delete "15" and insert "16"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "requiring a form for disclosure of the condition of a vehicle's pollution control equipment on the certificate of title;"

Page 1, line 10, after "5" insert ", and by adding a subdivision"

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

H.F. No. 1421: A bill for an act relating to surplus United States government property; directing the commissioner of natural resources to seek acquisition of certain surplus property of the United States government; directing the commissioner to lease the property to a nonprofit organization for development as housing for certain homeless veterans and their families.

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.89] [ACQUISITION OF SURPLUS FEDERAL PROPERTY.]

The commissioner of administration, after consultation with one or more nonprofit organizations with an interest in providing housing for homeless veterans and their families, may acquire property from the United States government that is designated by the General Services Administration as surplus property. The commissioner of administration may lease the property to a qualified nonprofit organization that agrees to develop or rehabilitate the property for the purpose of providing suitable housing for veterans and their families. The lease agreement with the nonprofit organization may require that the property be developed for use as housing for homeless and displaced veterans and their families and for veterans and their families who lose their housing.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to surplus United States government property; authorizing the commissioner of administration to acquire certain surplus

property of the United States government; authorizing the commissioner to lease the property to a nonprofit organization for development as housing for certain homeless veterans and their families; proposing coding for new law in Minnesota Statutes, chapter 16B."

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

H.F. No. 529: A bill for an act relating to local government; permitting counties, cities, and towns to contribute to certain hospitals; amending Minnesota Statutes 1988, section 376.09; proposing coding for new law in Minnesota Statutes, chapter 465.

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

H.F. No. 1115: A bill for an act relating to Dakota county; permitting the county to pay costs of a morgue; proposing coding for new law in Minnesota Statutes, chapter 383D.

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

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1988, section 383D.23, is amended by adding a subdivision to read:

Subd. 5. [CERTAIN JUVENILES.] An appointing authority may employ on a temporary basis juveniles who have been ordered by the juvenile court to make monetary restitution or pay a fine as a condition of probation without complying with this section.

Sec. 2. Minnesota Statutes 1988, section 383D.31, subdivision 1, is amended to read:

Subdivision 1. [JURISDICTION.] The personnel board of appeals shall meet upon call of its chair or the employee relations director to make findings and report to the county board within ~~30~~ 60 days of the filing of an appeal by an applicant, employee, or appointing authority, *unless the time is extended with the consent of the party filing the appeal*, in the following circumstances:

(a) Alleged arbitrary or capricious action by the county board with respect to final establishment of rules under sections 383D.21 to 383D.35.

(b) Alleged discrimination by the employee relations director or the director's employees in examination procedures or preparation of lists of eligible candidates, or discriminatory use of them by the appointing authority under sections 383D.21 to 383D.35 or rules promulgated under them.

(c) Alleged misinterpretation or evasion by the director or the county board of a provision of sections 383D.21 to 383D.35 or the rules promulgated under them in a manner seriously detrimental to the party bringing the appeal.

(d) Other matters of grievance as provided for in rules promulgated under sections 383D.21 to 383D.35.

Sec. 3. [383D.46] [CAMPGROUND OPERATORS.]

Notwithstanding section 471.345, Dakota county may by four-fifths vote contract for the services of a campground operator by direct negotiation without advertisement for bids."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "exempting certain juveniles from the county personnel department; amending certain procedural requirements for the personnel board of appeals; providing for the employment of a campground operator without competitive bids;"

Page 1, line 3, after the semicolon, insert "amending Minnesota Statutes 1988, sections 383D.23, by adding a subdivision; and 383D.31, subdivision 1;"

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

H.F. No. 942: A bill for an act relating to metropolitan government; extending the responsibility of the mosquito control district to disease vectoring ticks; amending Minnesota Statutes 1988, sections 473.702; 473.704; and 473.711, subdivision 2.

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

Page 1, line 13, delete the new language

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

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

H.F. No. 630: A bill for an act relating to elections; changing or clarifying provisions governing absentee voting, mail elections, election day activities, ballots, canvassing, municipal elections, school district elections, voting systems, election contests, and financial reporting; amending Minnesota Statutes 1988, sections 10A.02, subdivision 8; 204B.27, by adding a subdivision; 204B.40; 204B.46; 204C.06, subdivision 1; 204C.31, by adding a subdivision; 204C.36; 204C.361; 204D.08, subdivision 1; 204D.23, by adding a subdivision; 204D.27, subdivision 9; 205.16, by adding a subdivision; 205A.07, by adding a subdivision; 206.57, subdivision 1; 206.66; 206.90, subdivision 3; 209.021, subdivision 1; 211A.02, subdivision 1; 211A.05, subdivision 1; and 211B.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 202A; 203B; and 206; repealing Minnesota Statutes 1988, section 211B.11, 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 10A.02, subdivision 8, is amended to read:

Subd. 8. The board shall:

(a) Report at the close of each fiscal year to the legislature, the governor and the public concerning the action it has taken, the names, salaries, and duties of all individuals in its employ and the money it has disbursed. The board shall include and identify in its report any other reports it has made during the fiscal year. It may indicate apparent abuses and offer legislative recommendations;

(b) Prescribe forms for statements and reports required to be filed under sections 10A.01 to 10A.34 and make the forms available to individuals required to file them;

(c) Make available to the individuals required to file the reports and statements a manual setting forth the recommended uniform methods of bookkeeping and reporting;

(d) Develop a filing, coding and cross-indexing system consistent with the purposes of sections 10A.01 to 10A.34;

(e) Make the reports and statements filed with it available for public inspection and copying by the end of the second day following the day on which they were received. Any individual may copy a report or statement by hand or by duplicating machine and the board shall provide duplicating services at cost for this purpose. No information copied from reports and statements shall be sold or utilized by any individual or association for any commercial purpose. *"Commercial purpose" does not include purposes related to elections, political activities, or law enforcement. Any individual or association violating the provisions of this clause may be subject to a civil penalty of up to \$1,000. An individual who knowingly violates this subdivision is guilty of a misdemeanor;*

(f) Notwithstanding the provisions of section 138.163, preserve reports and statements for a period of five years from the date of receipt;

(g) Compile and maintain a current list and summary of all statements or parts of statements pertaining to each candidate; and

(h) Prepare and publish reports as it may deem appropriate.

Sec. 2. [202A.20] [CAUCUS INFORMATION; RESULTS.]

Subdivision 1. [INFORMATION.] The secretary of state may sponsor or participate in activities designed to provide public information related to the precinct caucuses and to promote participation in the caucus process.

Subd. 2. [REPORTING CAUCUS RESULTS.] The secretary of state may provide a method for the timely reporting of caucus results to the public.

Sec. 3. [203B.001] [ELECTION LAW APPLICABILITY.]

The Minnesota election law is applicable to voting by absentee ballot unless otherwise provided in this chapter.

Sec. 4. Minnesota Statutes 1988, section 203B.10, is amended to read:

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

On the day before an election:

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

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

Sec. 5. Minnesota Statutes 1988, section 203B.12, subdivision 1, is amended to read:

Subdivision 1. [RECEIPT OF RETURN ENVELOPES.] The election judges in each precinct or the judges of an absentee ballot ~~counting~~ board shall take possession of all return envelopes delivered to them in accordance with section 203B.08.

Sec. 6. Minnesota Statutes 1988, section 203B.12, subdivision 6, is amended to read:

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

Sec. 7. Minnesota Statutes 1988, section 203B.13, is amended to read:
203B.13 [ABSENTEE BALLOT ~~COUNTING~~ BOARDS.]

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

Subd. 2. [DUTIES.] The absentee ballot ~~counting~~ board ~~shall~~ *may do any of the following:*

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

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

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

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

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

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

Sec. 8. Minnesota Statutes 1988, section 204B.09, is amended by adding a subdivision to read:

Subd. 1a. [ABSENT CANDIDATES.] A candidate for county, state, or federal office who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state. Nominating petitions may be signed during the 14 days immediately preceding the date when the affidavit of candidacy is filed.

Sec. 9. Minnesota Statutes 1988, section 204B.27, is amended by adding a subdivision to read:

Subd. 6. [VOTER PARTICIPATION.] The secretary of state may sponsor or participate in nonpartisan activities to promote voter participation in Minnesota elections and in efforts to increase voter registration and voter turnout.

Sec. 10. Minnesota Statutes 1988, section 204B.40, is amended to read:

204B.40 [BALLOTS; ELECTION RECORDS AND OTHER MATERIALS; DISPOSITION; *INSPECTION OF BALLOTS.*]

The county auditors and municipal clerks shall retain all election materials returned to them after any election for at least one year from the date of that election. All election materials involved in a contested election shall be retained for one year or until the contest has been finally determined, whichever is later. Abstracts filed by canvassing boards shall be retained permanently by any officer with whom those abstracts are filed. Election materials no longer required to be retained pursuant to this section shall be disposed of in accordance with sections 138.163 to 138.21. Sealed envelopes containing voted ballots must be retained unopened, *except as provided in this section*, in a secure location. The county auditor ~~or~~, municipal clerk, *or school district clerk* shall not permit any voted ballots to be tampered with or defaced.

After the time for filing a notice of contest for an election has passed, the secretary of state may open the sealed ballot envelopes and inspect the ballots for that election maintained by the county auditors, municipal clerks, or school district clerks for the purpose of monitoring and evaluating election procedures. No inspected ballot may be marked or identified in any manner. After inspection, all ballots must be returned to the ballot envelope and the ballot envelope must be securely resealed.

Sec. 11. Minnesota Statutes 1988, section 204B.46, is amended to read:

204B.46 [~~EXPERIMENTAL~~ MAIL ELECTIONS; *QUESTIONS.*]

~~Between August 1, 1987, and March 30, 1989, the secretary of state may authorize experimental mail elections.~~ A county ~~or~~, municipality, *or school district* submitting questions to the voters at a special election may apply to the ~~secretary of state~~ *county auditor* for approval of an election by mail with no polling place other than the office of the auditor or clerk. No more than two questions may be submitted at a mail election and no offices may be voted on. Notice of the election and the special mail procedure must be given at least six weeks prior to the election. No earlier than 20 or later than 18 days prior to the election, the auditor or clerk shall mail ballots by nonforwardable mail to all voters registered in the county ~~or~~, municipality, *or school district*. Eligible voters not registered at the time the ballots are mailed may apply for ballots pursuant to chapter 203B. ~~The Minnesota election law is applicable to experimental mail elections except as provided by this section or as authorized by the secretary of state. The secretary of state shall report to the legislature on implementation of this section.~~

Sec. 12. Minnesota Statutes 1988, section 204C.06, subdivision 1, is amended to read:

Subdivision 1. [LINGERING NEAR POLLING PLACE.] An individual shall be allowed to go to and from the polling place for the purpose of voting without unlawful interference. ~~No voters or other individuals shall congregate in any number within 100 feet of a polling place. No one, either inside a polling place or within 100 feet of the entrance to it, shall ask a voter how the voter intends to vote or has voted on any office or question on the ballot.~~ No one except an election official or an individual who is waiting to register or to vote shall *congregate in any number or stand within 50 100 feet of the entrance to a polling place.*

Sec. 13. Minnesota Statutes 1988, section 204C.31, is amended by adding a subdivision to read:

Subd. 3. [DUTIES OF CANVASSING BOARDS.] The returns from every election held in this state must be reported to a legally constituted canvassing board. The duties of each canvassing board are limited to those duties specified in sections 204C.32 to 204C.39.

Sec. 14. Minnesota Statutes 1988, section 204C.35, subdivision 2, is amended to read:

Subd. 2. [OPTIONAL RECOUNT.] A losing candidate for nomination or election to a legislative office or to a district, county or county municipal court judicial office may request a recount in a manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by this section. The votes shall be recounted as provided in this section if the candidate files a request during the time for filing notice of contest of the primary or election for which a recount is sought. The requesting candidate shall file with the filing officer a bond, cash or surety in an amount set by the filing officer for the payment of the recount expenses. The requesting candidate is responsible for the following expenses: the compensation of the secretary of state, or designees, and any election judge, municipal clerk, county auditor, administrator, or other personnel who participate in the recount; the costs of computer operation, preparation of ballot counting equipment, necessary supplies and travel related to the recount; the compensation of the appropriate canvassing board and costs of preparing for the canvass of recount results; and any attorney fees incurred in connection with the recount by the governing body responsible for the recount.

Sec. 15. Minnesota Statutes 1988, section 204C.36, is amended to read:

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

Subdivision 1. [REQUIRED RECOUNTS.] A losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for the nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is:

(a) Five votes or less when the total vote cast for nomination or election to that office is 100 votes or less;

(b) Ten votes or less when the total vote cast for nomination or election to that office is more than 100 but not more than 500 votes;

(c) Twenty votes or less when the total vote cast for nomination or election to that office is more than 500 but not more than 2,000 votes;

(d) One percent of the votes or less when the total vote cast for nomination or election to that office is more than 2,000 but less than 10,000 votes; or

(e) One hundred votes or less when the total vote cast for nomination or election to that office is 10,000 votes or more.

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

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

Subd. 2. [DISCRETIONARY CANDIDATE RECOUNTS.] A losing candidate for nomination or election to a county, municipal, or school district office may request a recount in the manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by subdivision 1, clauses (a) to (e). The votes shall be recounted as provided in this section if the requesting candidate files with the county auditor, municipal clerk, or school district clerk a bond, cash, or surety in an amount set by the governing body of the jurisdiction or the school board of the school district for the payment of the recount expenses.

Subd. 3. [DISCRETIONARY BALLOT QUESTION RECOUNTS.] A recount may be conducted for a ballot question when the difference between the votes for and the votes against the question is less than or equal to the difference provided in subdivision 1, clauses (a) to (e). A recount may be requested by any person eligible to vote on the ballot question. A written request for a recount must be filed with the filing officer of the county, municipality, or school district placing the question on the ballot and must be accompanied by a petition containing the signatures of 25 voters eligible to vote on the question. If the difference between the votes for and the votes against the question is greater than the difference provided in subdivision 1, clauses (a) to (e), the person requesting the recount shall also file with the filing officer of the county, municipality, or school district a bond, cash, or surety in an amount set by the appropriate governing body for the payment of recount expenses. The written request, petition, and any bond, cash, or surety required must be filed during the time for notice of contest for the election for which the recount is requested.

Subd. 4. [EXPENSES.] In the case of a question, a person, or a candidate requesting a discretionary recount, is responsible for the following expenses: the compensation of the secretary of state, or designees, and any election judge, municipal clerk, county auditor, administrator, or other personnel who participate in the recount; the costs of computer operation, preparation of ballot counting equipment, necessary supplies and travel related to the recount; the compensation of the appropriate canvassing board and costs of preparing for the canvass of recount results; and any attorney fees incurred in connection with the recount by the governing body responsible for the recount.

Subd. 5. [NOTICE OF CONTEST.] Time for notice of contest of a nomination or election to a county office which is recounted pursuant to this section shall begin to run upon certification of the results of the recount by the county canvassing board. Time for notice of contest of a nomination or election to a municipal office which is recounted pursuant to this section shall begin to run upon certification of the results by the governing body of the municipality. Time for notice of contest of a school district election that is recounted under this subdivision begins to run on certification of the results of the recount by the school board.

Sec. 16. Minnesota Statutes 1988, section 204C.361, is amended to read:
204C.361 [RULES FOR RECOUNTS.]

The secretary of state shall adopt rules according to the Administrative Procedures Act establishing uniform recount procedures. All recounts provided for by sections 204C.35 ~~and~~, 204C.36, ~~and~~ 25 shall be conducted in accordance with these rules.

Sec. 17. Minnesota Statutes 1988, section 204D.08, subdivision 1, is amended to read:

Subdivision 1. [FORM.] Except as provided in this section, state primary ballots shall be printed in the same manner as state general election ballots as far as practicable. A sufficient number shall be printed for each precinct and ward in the state.

The secretary of state shall adopt rules for the format and preparation of the state primary ballot.

Sec. 18. Minnesota Statutes 1988, section 204D.23, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF CANDIDATES.] A candidate may withdraw from the special primary ballot by filing an affidavit of withdrawal with the same official who received the affidavit of candidacy. The affidavit of withdrawal must be filed no later than 5:00 p.m. of the day after the last day for filing affidavits of candidacy.

Sec. 19. Minnesota Statutes 1988, section 204D.27, subdivision 9, is amended to read:

Subd. 9. [CANVASS; SPECIAL LEGISLATIVE ELECTION; STATE CANVASSING BOARD.] Except as provided in subdivision 4, the state canvassing board shall complete its canvass of a special election for state senator or state representative and declare the results within ~~two~~ four days, excluding Sundays and legal holidays, after the returns of the county canvassing boards are certified to the secretary of state.

Sec. 20. Minnesota Statutes 1988, section 205.16, is amended by adding a subdivision to read:

Subd. 4. [NOTICE TO AUDITOR.] At least 30 days prior to every municipal election, the municipal clerk shall provide a written notice to the county auditor, including the date of the election and the offices and questions to be voted on at the election.

Sec. 21. Minnesota Statutes 1988, section 205A.07, is amended by adding a subdivision to read:

Subd. 3. [NOTICE TO AUDITOR.] At least 30 days prior to every school district election, the school district clerk shall provide a written notice to the county auditor of each county in which the school district is located. The notice must include the date of the election and the offices and questions to be voted on at the election.

Sec. 22. Minnesota Statutes 1988, section 205A.10, subdivision 2, is amended to read:

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

with a statewide election, the school board shall appoint election judges as provided in section 204B.21, subdivision 2.

Sec. 23. Minnesota Statutes 1988, section 206.57, subdivision 1, is amended to read:

Subdivision 1. [EXAMINATION AND REPORT BY SECRETARY OF STATE; APPROVAL.] A vendor of a lever voting machine or electronic voting system may apply to the secretary of state to examine the machine or system and to report as to its compliance with the requirements of law and as to its accuracy, durability, efficiency, and capacity to register the will of voters. The secretary of state or a designee shall examine the machine or system submitted and file a report on it in the office of the secretary of state. Examination is not required of every individual machine or counting device, but only of each type of lever voting machine or electronic voting system before its adoption, use, or purchase and before its continued use after significant changes have been made in an approved machine or system. *The examination must include the ballot programming, vote counting, and vote accumulation functions of each voting machine or system.*

If the report of the secretary of state or the secretary's designee concludes that the kind of machine or system examined complies with the requirements of sections 206.55 to ~~206.87~~ 206.90 and can be used safely, the machine or system shall be deemed approved by the secretary of state, and may be adopted and purchased for use at elections in this state. A voting machine or system not approved by the secretary of state may not be used at an election in this state. The secretary of state may adopt permanent and emergency rules consistent with sections 206.55 to ~~206.87~~ 206.90 relating to the examination and use of voting machines and electronic voting systems.

Sec. 24. Minnesota Statutes 1988, section 206.66, is amended to read:
206.66 [VIOLATIONS; PENALTIES.]

Subdivision 1. [INJURING VOTING MACHINES.] An individual who intentionally injures or attempts to injure or render ineffectual a lever voting machine or any component of an electronic voting system, or who violates any of the provisions of sections 206.55 to ~~206.87~~ 206.90, is guilty of a felony.

Subd. 2. [VIOLATION OF LAW, RULES.] An individual who violates any rules adopted by the secretary of state or by the governing body of a municipality where lever voting machines or an electronic voting system are used, or who violates any of the provisions of sections 206.55 to ~~206.87~~ 206.90 is guilty of a gross misdemeanor.

Subd. 3. [PERFORMANCE BOND.] *A vendor of voting machines, electronic voting systems, or related election services shall furnish the secretary of state with a sufficient bond conditioned on the performance of those machines, systems, or services in accordance with the Minnesota election law and any contract or agreement made with an election jurisdiction in Minnesota. The vendor bond required under section 206.57, subdivision 4, may serve as the performance bond required under this subdivision. The secretary of state shall send notice of the receipt or forfeiture of a bond under this subdivision to each official on the user list.*

Sec. 25. [206.88] [PARTIAL RECOUNTS ON ELECTRONIC VOTING SYSTEMS.]

The secretary of state may conduct a recount to verify the accuracy of

vote counting and recording in one or more precincts in which an electronic voting system was used in the election. The results of the recount must be reported to the appropriate canvassing board. Time for notice of nomination, election, or contest for an office recounted pursuant to this section must begin upon certification of the results of the recount by the canvassing board.

Sec. 26. Minnesota Statutes 1988, section 206.90, subdivision 3, is amended to read:

Subd. 3. [AVAILABILITY OF PAPER BALLOTS.] For the purposes of section 206.63, "paper ballots" includes ballot cards which are voted by marking with a pencil or other writing instrument and on which are printed the names of candidates, office titles, party designation in a partisan primary or election, and a statement of any question accompanied by the words "Yes" and "No." At a state or county election where an optical scan voting system will be in use, the county auditor may provide ballot cards meeting the requirements of this section in lieu of paper ballots otherwise required to be prepared by the county auditor. *In an election jurisdiction where an optical scan voting system has been adopted, the election official may provide paper ballots prepared in the same format used for the voting system.*

Sec. 27. Minnesota Statutes 1988, section 209.021, subdivision 1, is amended to read:

Subdivision 1. [MANNER; TIME; CONTENTS.] Service of a notice of contest must be made in the same manner as the service of summons in civil actions. The notice of contest must specify the grounds on which the contest will be made. The contestant shall serve notice of the contest on the parties enumerated in this section. Notice must be served and filed within five days after the canvass is completed in the case of a primary or within seven days after the canvass is completed in the case of a *special or general election*; except that if a contest is based on a deliberate, serious, and material violation of the election laws which was discovered from the statements of receipts and disbursements required to be filed by candidates and committees, the action may be commenced and the notice served and filed within ten days after the filing of the statements in the case of a general election or within five days after the filing of the statements in the case of a primary. If a notice of contest questions only which party received the highest number of votes legally cast at the election, a contestee who loses may serve and file a notice of contest on any other ground during the three days following expiration of the time for appealing the decision on the vote count.

Sec. 28. Minnesota Statutes 1988, section 211A.02, subdivision 1, is amended to read:

Subdivision 1. [WHEN AND WHERE FILED BY COMMITTEES.] (a) A committee or a candidate who receives contributions or makes disbursements of more than \$750 in a calendar year shall submit an initial report to the filing officer within 14 days after the candidate or committee receives or makes disbursements of more than \$750 and shall continue to make *the reports listed in paragraph (b)* until a final report is filed.

(b) The committee or candidate must ~~also~~ file a report by January 31 of each year following the year when the initial report was filed. ~~In addition,~~ and in a year when the candidate's name or a ballot question appears on

the ballot, the candidate or committee shall file a report:

- (1) ten days before the primary or special primary;
- (2) ten days before the general election or special election; and
- (3) seven days before a special primary;
- (4) seven days before a special election; and
- (5) 30 days after a general or special election.

Sec. 29. Minnesota Statutes 1988, section 211A.05, subdivision 1, is amended to read:

Subdivision 1. [PENALTY.] A candidate who intentionally fails to file a report required by section 211A.02 is guilty of a misdemeanor. ~~A member of the treasurer of a committee that formed to promote or defeat a ballot question who intentionally fails to file a report required by section 211A.02 is guilty of a misdemeanor. Each candidate or treasurer of a committee formed to promote or defeat a ballot question shall certify to the filing officer that all reports required by section 211A.02 have been submitted to the filing officer or that the candidate or committee has not received contributions or made disbursements exceeding \$750 in the calendar year. The certification shall be submitted to the filing officer no later than seven days after the general or special election. The secretary of state shall prepare blanks for this certification. An officer who issues a certificate of election to a candidate with knowledge that the candidate's financial statement has not been filed who has not certified that all reports required by section 211A.02 have been filed is guilty of a misdemeanor.~~

Sec. 30. Minnesota Statutes 1988, section 211B.11, subdivision 1, is amended to read:

Subdivision 1. [SOLICITING NEAR POLLING PLACES.] A person may not display campaign material, post signs, ask, solicit, or in any manner try to induce or persuade a voter within a polling place or within 100 feet of the building in which a polling place is situated on primary or election day to vote for or refrain from voting for a candidate or ballot question. A person may not provide political badges, political buttons, or other political insignia to be worn at or about the polling place on the day of a primary or election. A political badge, political button, or other political insignia may not be worn at or about the polling place on primary or election day.

The secretary of state may distribute stickers to the county auditors which contain the words "I VOTED" and nothing more, and which have been donated to the state without cost. Any stickers of this type must be delivered to the county auditors at least 30 days prior to the election. Election judges may offer a sticker of this type to each voter who has signed the polling place roster.

Sec. 31. [REPEALER.]

Minnesota Statutes 1988, section 211B.11, subdivision 2, is repealed.

Sec. 32. [EFFECTIVE DATE.]

Sections 1 to 31 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to elections; changing or clarifying provisions governing absentee voting, mail elections, election day activities, ballots,

canvassing, municipal elections, school district elections, voting systems, election contests, and financial reporting; clarifying provisions relating to reports and statements of the ethical practices board; imposing penalties; amending Minnesota Statutes 1988, sections 10A.02, subdivision 8; 203B.10; 203B.12, subdivisions 1 and 6; 203B.13; 204B.09, by adding a subdivision; 204B.27, by adding a subdivision; 204B.40; 204B.46; 204C.06, subdivision 1; 204C.31, by adding a subdivision; 204C.35, subdivision 2; 204C.36; 204C.361; 204D.08, subdivision 1; 204D.23, by adding a subdivision; 204D.27, subdivision 9; 205.16, by adding a subdivision; 205A.07, by adding a subdivision; 205A.10, subdivision 2; 206.57, subdivision 1; 206.66; 206.90, subdivision 3; 209.021, subdivision 1; 211A.02, subdivision 1; 211A.05, subdivision 1; and 211B.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 202A; 203B; and 206; repealing Minnesota Statutes 1988, section 211B.11, subdivision 2."

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. 1353 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.
1353	1168				

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. 762 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.
762	666				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 762 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 762 and insert the language after the enacting clause of S.F. No. 666, the first engrossment; further, delete the title of H.F. No. 762 and insert the title of S.F. No. 666, the first engrossment.

And when so amended H.F. No. 762 will be identical to S.F. No. 666, and further recommends that H.F. No. 762 be given its second reading and substituted for S.F. No. 666, 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. 701 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.
				701	263

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 701 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 701 and insert the language after the enacting clause of S.F. No. 263, the first engrossment; further, delete the title of H.F. No. 701 and insert the title of S.F. No. 263, the first engrossment.

And when so amended H.F. No. 701 will be identical to S.F. No. 263, and further recommends that H.F. No. 701 be given its second reading and substituted for S.F. No. 263, 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. 1517 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.
1517	1373				

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.

SECOND READING OF SENATE BILLS

S.F. Nos. 1588, 830, 1369, 920, 512, 1563, 78, 1408, 1498, 1101, 811 and 1394 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 426, 695, 832, 343, 306, 141, 943, 931, 1421, 529, 1115, 942, 630, 1353, 762, 701 and 1517 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Marty moved that his name be stricken as a co-author to S.F. No. 263. The motion prevailed.

Mr. Morse moved that the name of Mr. Frederickson, D.J. be added as a co-author to S.F. No. 263. The motion prevailed.

Mr. Cohen moved that the name of Mr. Dahl be added as a co-author to S.F. No. 1584. The motion prevailed.

Mr. Morse moved that the name of Mr. Purfeerst be added as a co-author to S.F. No. 1586. The motion prevailed.

Mr. Beckman moved that his name be stricken as chief author, and the name of Mr. Decker be added as chief author to S.F. No. 1379. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Pogemiller and Belanger introduced—

S.F. No. 1589: A bill for an act relating to taxation; income; providing an exception to partnership withholding provisions; amending Minnesota Statutes 1988, section 290.92, subdivision 4b, as added.

Referred to the Committee on Taxes and Tax Laws.

Mr. Peterson, R.W. introduced—

S.F. No. 1590: A bill for an act relating to data practices; authorizing the legislative auditor access to certain mental health data classified as not public; amending Minnesota Statutes 1988, section 13.46, subdivision 8.

Referred to the Committee on Judiciary.

Mr. Knaak introduced—

S.F. No. 1591: A bill for an act relating to commerce; creating a corporate emergency asset protection board; authorizing the board to acquire equity interests in certain corporations that are a subject of a hostile takeover; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 44B.

Referred to the Committee on Commerce.

Mr. Luther introduced—

S.F. No. 1592: A bill for an act relating to elections; providing for special elections to fill vacancies in city council offices; amending Minnesota Statutes 1988, section 412.02, subdivision 2a.

Referred to the Committee on Elections and Ethics.

Mr. Chmielewski introduced—

S.F. No. 1593: A bill for an act relating to retirement; authorizing purchase of prior service credit in the public employees retirement association by a

certain Aitkin county elected official.

Referred to the Committee on Governmental Operations.

ADJOURNMENT

Mr. Merriam moved that the Senate do now adjourn until 2:00 p.m., Monday, April 24, 1989. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate