

## THIRTY-EIGHTH DAY

St. Paul, Minnesota, Tuesday, April 25, 1989

The Senate met at 12:00 noon and was called to order by the President.

### CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Craig A. Boehlke.

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

Adkins	Davis	Knutson	Moe, D.M.	Renneke
Anderson	Decker	Kroening	Moe, R.D.	Samuelson
Beckman	DeCramer	Laidig	Morse	Schmitz
Belanger	Dicklich	Langseth	Novak	Solon
Benson	Diessner	Lantry	Olson	Spear
Berg	Frederick	Larson	Pariseau	Storm
Berglin	Frederickson, D.J.	Lessard	Pehler	Stumpf
Bernhagen	Frederickson, D.R.	Luther	Peterson, D.C.	Taylor
Bertram	Freeman	Marty	Peterson, R.W.	Vickerman
Brandl	Gustafson	McGowan	Piper	Waldorf
Brataas	Hughes	McQuaid	Pogemiller	
Chmielewski	Johnson, D.E.	Mehrrens	Purfeerst	
Cohen	Johnson, D.J.	Merriam	Ramstad	
Dahl	Knaak	Metzen	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. Frank was excused from the Session of today. Ms. Reichgott was excused from the Session of today from 12:00 noon to 12:45 p.m.

### 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. 69, 936 and 1241.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 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. 169: A bill for an act relating to motor vehicles; allowing custodial parent of handicapped minor to obtain special license plates for the handicapped; amending Minnesota Statutes 1988, section 168.021, subdivisions 1 and 3.

Senate File No. 169 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1989

Mr. Frederick moved that S.F. No. 169 be laid on the table. The motion prevailed.

Mr. President:

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

S.F. No. 701: A bill for an act relating to insurance; requiring coverage for child health supervision and prenatal services; clarifying certain definitions; amending Minnesota Statutes 1988, section 62A.047.

Senate File No. 701 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1989

Mr. Freeman moved that S.F. No. 701 be laid on the table. 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. 146, 390, 1282, 1445 and 1408.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1989

### FIRST READING OF HOUSE BILLS

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

H.F. No. 146: A bill for an act relating to the education code; revising the text of certain chapters of the code without changing their meaning; amending Minnesota Statutes 1988, chapters 128; 128A; 128B; and 129; repealing Minnesota Statutes 1988, sections 128.04; 128.06; 128.069;

128A.04; 129.02; and 129.05 to 129.10.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1145, now on General Orders.

H.F. No. 390: A bill for an act relating to appropriations; requiring recommendations of the legislative advisory commission to be made at a meeting of the commission except in certain circumstances; amending Minnesota Statutes 1988, section 3.30, subdivisions 1 and 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 105, now on General Orders.

H.F. No. 1282: A bill for an act relating to mechanics' liens; clarifying and simplifying the contractors' and subcontractors' notice; amending Minnesota Statutes 1988, section 514.011, subdivisions 1, 2, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1040, now on General Orders.

H.F. No. 1445: A bill for an act relating to agriculture; making technical changes in the seed and dairy inspection laws; amending Minnesota Statutes 1988, sections 21.89, subdivisions 2 and 4; and 32.103.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 744, now on General Orders.

H.F. No. 1408: A bill for an act relating to metropolitan transit; requiring joint planning for light rail transit; establishing a joint planning board; requiring approval of light rail transit plans by the regional transit board; specifying the composition of the regional transit board and the metropolitan transit commission; changing various provisions relating to metropolitan transit programs and authorities; amending Minnesota Statutes 1988, sections 398A.04, subdivision 9; 473.169, subdivisions 1, 3, 4, and 5; 473.17; 473.373, subdivisions 1a, 4, 5, and by adding a subdivision; 473.375, subdivisions 8 and 13; and 473.404, subdivisions 2, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1988, sections 473.1691 and 473.398.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1202.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on H.F. No. 916 and reports pertaining to appointments. The motion prevailed.

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

S.F. No. 1541: A bill for an act relating to Hennepin county; providing for a chief administrative deputy sheriff in the unclassified service; amending Minnesota Statutes 1988, section 383B.32, subdivision 2.

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

Page 2, after line 25, insert:

"Sec. 2. Minnesota Statutes 1988, section 387.145, is amended to read:  
387.145 [~~CHIEF DEPUTY; APPOINTMENT IN CERTAIN COUNTIES.~~]

Notwithstanding the provision of any law to the contrary the sheriff of any county ~~which has 100,000 or more inhabitants according to the 1980 federal census or the latest federal census thereafter~~ may appoint a chief deputy or first assistant with the approval of the county board."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "Hennepin county" and insert "local government"

Page 1, line 4, before the semicolon, insert "in Hennepin county; authorizing certain county sheriffs to appoint a chief deputy or first assistant" and delete "section" and insert "sections"

Page 1, line 5, before the period, insert "; and 387.145"

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

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

S.F. No. 1378: A bill for an act relating to animals; regulating use of certain prescription veterinary drugs; changing certain procedures for licensing veterinarians; amending Minnesota Statutes 1988, section 156.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 156.

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 151.19, subdivision 3, is amended to read:

Subd. 3. [~~SALE OF OTHER DRUGS AND DEVICES FEDERALLY RESTRICTED MEDICAL GASES.~~] The board shall require and provide for the annual registration of every person or establishment not licensed as a pharmacy or a practitioner engaged in the retail sale or distribution of federally restricted medical gases ~~or of veterinary drugs or devices~~. Upon the payment of a fee to be set by the board, the board shall issue a registration certificate in such form as it may prescribe to those persons or places that may be qualified to sell or distribute ~~these items~~ *federally restricted medical gases*. The certificate shall be displayed in a conspicuous place in the business for which it is issued and expire on the date set by the board. It is unlawful for a person to sell or distribute ~~these items~~ *federally restricted medical gases* unless a certificate has been issued to that person by the board.

Sec. 2. Minnesota Statutes 1988, section 156.02, subdivision 1, is amended to read:

Subdivision 1. [~~LICENSE APPLICATION.~~] Application for a license to practice veterinary medicine in this state shall be made in writing to the board of veterinary medicine upon a form furnished by the board, accompanied by satisfactory evidence that the applicant is at least 18 years of

age, is of good moral character, and has one of the following:

(1) a diploma conferring the degree of doctor of veterinary medicine, or an equivalent degree, from an accredited or approved college of veterinary medicine;

(2) an ECFVG certificate; or

(3) a certificate from the dean of an accredited or approved college of veterinary medicine stating that the applicant is a student in good standing expecting to be graduated at the completion of the ~~next~~ *current* academic ~~term~~ *year* of the college in which the applicant is enrolled.

The application shall contain the information and material required by subdivision 2 and any other information that the board may, in its sound judgment, require. The application shall be filed with the secretary of the board at least ~~30~~ 45 days before the date of the examination. If the board deems it advisable, it may require that such application be verified by the oath of the applicant.

Sec. 3. [156.16] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 3 to 7.*

*Subd. 2. [CLIENT.] "Client" means the owner or caretaker of an animal who arranges for the animal's veterinary care.*

*Subd. 3. [DISPENSING.] "Dispensing" means distribution of veterinary prescription drugs or over-the-counter drugs for extra-label use by a person registered by the board of pharmacy to dispense or a person licensed by the board of veterinary medicine.*

*Subd. 4. [EXTRA-LABEL USE.] "Extra-label use" means the actual or intended use of a human or veterinary drug in an animal in a manner that is not in accordance with the drug's labeling.*

*Subd. 5. [FOOD-PRODUCING ANIMALS.] "Food-producing animals" means livestock or poultry raised commercially for human consumption.*

*Subd. 6. [OVER-THE-COUNTER DRUG.] "Over-the-counter drug" means a veterinary drug labeled "for veterinary use only" or "for animal use only" that does not require a prescription or is not required to have the restrictive legend: "Caution: federal law restricts this drug to use by or on the order of a licensed veterinarian."*

*Subd. 7. [PATIENT.] "Patient" means an animal for which a veterinary prescription drug is used or intended to be used.*

*Subd. 8. [PERSON.] "Person" means an individual, or a firm, partnership, company, corporation, trustee, association, agency, or other public or private entity.*

*Subd. 9. [PHARMACIST.] "Pharmacist" means an individual with a valid Minnesota license to practice pharmacy.*

*Subd. 10. [PRESCRIPTION.] "Prescription" means an order from a veterinarian to a pharmacist or another veterinarian authorizing the dispensing of a veterinary prescription drug to a client for use on or in a patient.*

*Subd. 11. [VETERINARIAN.] "Veterinarian" means an individual with*

*a valid Minnesota license to practice veterinary medicine.*

**Subd. 12. [VETERINARIAN-CLIENT-PATIENT RELATIONSHIP.]** *“Veterinarian-client-patient relationship” means a relationship in which the conditions in paragraphs (a) to (d) have been met.*

*(a) The veterinarian has assumed the responsibility for making medical judgments regarding the health of the animal and the need for medical treatment, and the client has agreed to follow the instructions of the veterinarian.*

*(b) The veterinarian has sufficient knowledge of the animal to initiate at least a general, preliminary, or tentative diagnosis of the medical condition of the animal. The veterinarian must be acquainted with the keeping and care of the animal by virtue of an examination of the animal or medically appropriate and timely visits to the premises where the animal is kept.*

*(c) The veterinarian is available for consultation in case of adverse reactions or failure of the regimen of therapy.*

*(d) The veterinarian maintains records documenting patient visits, diagnosis, treatments, and drugs prescribed, dispensed, or administered, and other relevant information.*

**Subd. 13. [VETERINARY DRUG.]** *“Veterinary drug” means:*

*(1) a drug for animal use recognized in the official United States Pharmacopoeia or National Formulary of the United States;*

*(2) a drug intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals;*

*(3) a drug, other than feed, medicated feed, or a growth promoting implant intended to affect the structure or function of the body of an animal; or*

*(4) a drug intended for use as a component of a drug in clause (1), (2), or (3).*

**Subd. 14. [VETERINARY PRESCRIPTION DRUG.]** *“Veterinary prescription drug” means:*

*(1) a drug that is not safe for animal use except under the supervision of a veterinarian, and that is required by federal law to bear the following statement: “Caution: federal law restricts this drug to use by or on the order of a licensed veterinarian”;*

*(2) a drug that is required by state law to be dispensed only on order or prescription of a licensed veterinarian; and*

*(3) the extra-label use of an over-the-counter drug.*

**Sec. 4. [156.17] [POSSESSION PROHIBITED.]**

*A person may not possess a veterinary prescription drug unless the person is a licensed veterinarian or pharmacist, a client holding a veterinary prescription drug by or on the order of a veterinarian, a manufacturer or wholesaler of veterinary drugs, an animal health researcher, or a person performing official state or federal regulatory duties.*

**Sec. 5. [156.18] [VETERINARY PRESCRIPTION DRUGS.]**

**Subdivision 1. [PRESCRIPTION.]** *(a) A person may not dispense a*

*veterinary prescription drug to a client without a prescription or other veterinary authorization. A client may not make extra-label use of a veterinary drug without a prescription from a veterinarian. A veterinarian or the veterinarian's authorized agent may dispense a veterinary prescription drug to a client or oversee the extra-label use of a veterinary drug directly by a client without a separate written prescription.*

*(b) A veterinarian may sell prescription veterinary drugs and prescribe extra-label use drugs to a client without personally examining the animal if a veterinarian-client-patient relationship exists and in the judgment of the veterinarian the client has sufficient knowledge to use the drugs properly.*

*(c) A veterinarian may issue a prescription or other veterinary authorization by oral or written communication to the dispenser, or by computer connection. If the communication is oral, the veterinarian must enter it into the patient's record. The dispenser must record the veterinarian's prescription or other veterinary authorization within 72 hours.*

*(d) A prescription or other veterinary authorization must include:*

- (1) the name, address, and, if written, the signature of the prescriber;*
- (2) the name and address of the client;*
- (3) identification of the species for which the drug is prescribed or ordered;*
- (4) the name, strength, and quantity of the drug;*
- (5) the date of issue;*
- (6) directions for use;*
- (7) withdrawal time; and*
- (8) cautionary statements.*

*Subd. 2. [LABEL OF DISPENSED VETERINARY DRUGS.] A veterinarian or the veterinarian's authorized agent dispensing a veterinary prescription drug or prescribing the extra-label use of an over-the-counter drug must affix a label to the container containing the name and address of the veterinarian, date of filling, species of patient, name or names of drug, directions for use, withdrawal time, and cautionary statements, if any, appropriate for the drug.*

*Subd. 3. [RECORDS ON VETERINARY DRUG TRANSACTIONS.] A veterinarian must maintain complete records of receipt and distribution of each prescription veterinary drug. The records may be kept in the form of sales invoices, shipping records, prescription files, or a record or log established solely to satisfy the requirements of this subdivision. Records must include:*

- (1) the name of the drug, including dosage form, strength, and lot number;*
- (2) the name and address of the person from whom the drug was received and the date and quantity received; and*
- (3) the name and address of the person to whom the drug was distributed and the date and quantity shipped or otherwise distributed.*

*Subd. 4. [RECORDKEEPING.] Records required by this section must be kept for at least two years after dispensing of the drug has been completed.*

**Sec. 6. [156.19] [EXTRA-LABEL USE.]**

*A person, other than a veterinarian or a person working under the control of a veterinarian, must not make extra-label use of a veterinary drug in or on a food-producing animal, unless permitted by the prescription of a veterinarian. A veterinarian may prescribe the extra-label use of a veterinary drug if:*

*(1) the veterinarian makes a careful medical diagnosis within the context of a valid veterinarian-client-patient relationship;*

*(2) the veterinarian determines that there is no marketed drug specifically labeled to treat the condition diagnosed, or that drug therapy as recommended by the labeling has, in the judgment of the attending veterinarian, been found to be clinically ineffective;*

*(3) the veterinarian recommends procedures to ensure that the identity of the treated animal will be carefully maintained; and*

*(4) the veterinarian prescribes a significantly extended time period for drug withdrawal before marketing meat, milk, or eggs.*

Sec. 7. [156.20] [INSPECTIONS AND SAMPLES.]

*Subdivision 1. [AUTHORITY.] To enforce sections 3 to 6, a veterinarian must allow authorized representatives of the board of veterinary medicine, after receiving allegations of a violation of sections 3 to 6 and upon presenting appropriate credentials to the veterinarian in charge, to:*

*(1) enter, at reasonable times, within reasonable limits, and in a reasonable manner, premises and all pertinent records, equipment, materials, containers, and facilities bearing on whether veterinary drugs are in compliance with sections 3 to 6; and*

*(2) collect samples.*

*Subd. 2. [LIMITS ON INSPECTION.] An inspection authorized by this section may not extend to financial information, pricing information, personnel information, or sales information other than shipment information. An inspection must be started and completed with reasonable promptness."*

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 151.19, subdivision 3; and"

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

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

S.F. No. 530: A bill for an act relating to waste management; defining waste reduction; extending the expiration date of waste advisory councils; authorizing counties to designate waste to landfills; requiring financial reports from landfills; clarifying the limits of political subdivision liability for superfund cleanup at landfills; authorizing the pollution control agency to acquire interests in real estate necessary for superfund; authorizing superfund to reimburse political subdivisions for costs incurred in responding to emergency releases of hazardous materials; making claims for injuries due to petroleum contamination eligible for compensation by the harmful substance compensation fund; authorizing transfer of money from the petroleum tank release cleanup fund; altering the metropolitan council's authority



for solid waste planning; raising the solid waste disposal fee in the metropolitan area; clarifying the 1990 ban on disposal of unprocessed waste in the metropolitan area; extending the date until which metalcasters are not liable for payment of solid waste generator fees; requiring a study of solid waste management district legislation; amending Minnesota Statutes 1988, sections 115A.01; 115A.02; 115A.03, by adding a subdivision; 115A.12, subdivision 1; 115A.14, subdivision 2; 115A.46, subdivision 2; 115A.80; 115A.81, subdivision 2; 115A.83; 115A.84; 115A.85, subdivision 2; 115A.86, subdivisions 3 and 5; 115A.893; 115A.906, by adding a subdivision; 115A.921; 115A.94, by adding subdivisions; 115B.04, subdivision 4; 115B.17, by adding a subdivision; 115B.20, subdivision 2; 115B.25, subdivisions 1, 2, 7, and by adding subdivisions; 115B.26; 115B.27, subdivision 1; 115B.28, subdivision 2; 115B.29, subdivision 1; 115B.30, subdivision 3; 115B.34, subdivision 2; 115C.08, subdivision 4, and by adding a subdivision; 116.07, by adding a subdivision; 466.04, subdivision 1; 473.149, subdivisions 2d and 2e, and by adding a subdivision; 473.803, by adding a subdivision; 473.811, subdivision 1a; 473.823, subdivisions 3 and 6; 473.831, subdivision 2; 473.833, subdivision 2a; 473.840, subdivision 2; 473.843, subdivisions 1 and 2; 473.844, subdivision 1a; 473.8441, subdivision 5; 473.845, subdivisions 1 and 2; and 473.848; Laws 1984, chapter 644, section 85, as amended; proposing coding for new law in Minnesota Statutes, chapters 115A and 473; repealing Minnesota Statutes 1988, sections 115A.98; 115B.29, subdivision 2; 473.149, subdivision 2b; 473.803, subdivision 1a; and 473.806.

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

Page 19, line 33, delete "*subdivisions 2 and 3*" and insert "*subdivision 2*"

Page 20, delete lines 16 to 20

Page 20, line 21, delete "*4*" and insert "*3*"

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 re-referred

S.F. No. 605: A bill for an act relating to corrections; authorizing the commissioner of corrections to take photographs of juveniles committed to the commissioner for management and law enforcement purposes; amending Minnesota Statutes 1988, section 260.161, subdivision 3.

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

Page 1, line 18, after the period, insert "*Except as provided in paragraph (c),*"

Page 2, line 2, delete everything after "*(c)*"

Page 2, line 3, delete "*(a),*" and delete "*authorize the*"

Page 2, line 4, delete "*photographing of*" and insert "*photograph*"

Page 2, line 9, delete everything after "*juveniles*" and insert "*in the same manner as*"

Page 2, after line 10, insert:

"Sec. 2. Minnesota Statutes 1988, section 332.51, subdivision 3, is amended to read:

Subd. 3. [LIABILITY OF PARENT OR GUARDIAN.] ~~The provisions of Section 540.18 apply~~ *applies* to this section, *except that the parent or guardian is liable for the full amount of all damages under subdivision 1.*"

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "removing certain limitations on parental liability for thefts by minors;"

Page 1, line 6, delete "section" and insert "sections" and before the period, insert "; and 332.51, subdivision 3"

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. 804: A bill for an act relating to landlord and tenant; authorizing emergency proceeding for loss of essential services; proposing coding for new law in Minnesota Statutes, chapter 566.

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. 916: A bill for an act relating to metropolitan government; providing a salary range and specifying responsibilities for the chair of the waste control commission; amending Minnesota Statutes 1988, sections 15A.081, subdivisions 1 and 7; and 473.141, subdivision 3.

Reports the same back with the recommendation that the bill do pass. Mr. Moe, D.M. questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

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

H.F. No. 400: A bill for an act relating to natural resources; requiring written notice to the commissioner of natural resources of the vacation of roads, highways, streets, alleys, and similar public grounds that terminate at or about upon any public water; amending Minnesota Statutes 1988, sections 161.16, subdivision 6; 163.11, by adding a subdivision; 164.07, subdivision 2; 412.851; 440.13; 440.135, subdivision 2; and 505.14.

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

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

H.F. No. 1604: A bill for an act relating to economic development; clarifying the powers and duties of the Greater Minnesota Corporation; expanding auditing and reporting requirements; amending Minnesota Statutes 1988, sections 116O.02, by adding a subdivision; 116O.03, subdivision

1, and by adding a subdivision; 116O.04, by adding a subdivision; 116O.05; 116O.06, subdivisions 1 and 5; 116O.08, subdivision 2; 116O.14; and 116O.15.

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 116O.03, is amended by adding a subdivision to read:

*Subd. 11. [STATEMENTS OF ECONOMIC INTEREST.] Directors and officers of the corporation are public officials for the purpose of section 10A.09, and shall file statements of economic interest with the state ethical practices board.*

Sec. 2. Minnesota Statutes 1988, section 116O.04, is amended by adding a subdivision to read:

*Subd. 4. [PERSONNEL POLICIES.] (a) The corporation shall adopt an affirmative action plan. The corporation is subject to the audit and reporting requirements under section 43A.191, subdivision 3.*

*(b) Employees of the corporation are subject to the prohibition of political activities under section 43A.32, subdivision 1.*

*(c) Employees of the corporation are subject to the code of ethics requirements under section 43A.38.*

Sec. 3. Minnesota Statutes 1988, section 116O.05, is amended to read:

116O.05 [POWERS OF THE CORPORATION.]

*Subdivision 1. [LIMITATIONS.] The corporation is authorized to exercise only the powers specifically authorized in this chapter. The corporation shall not duplicate existing services or activities provided by other public and private organizations.*

*Subd. 2. [GENERAL CORPORATE POWERS.] (a) ~~Except as otherwise provided in this article,~~ The corporation has the powers granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11; 12; 13, except that the corporation may not act as a general partner in any partnership; 14; 15; 16; 17; 18; and 22.*

*(b) The state is not liable for the obligations of the corporation.*

*(c) ~~Section 302A.041 applies to this article and the corporation in the same manner that it applies to business corporations established under chapter 302A.~~ The state reserves the right to amend or repeal the provisions of this chapter. The greater Minnesota corporation is subject to this reserved right.*

*Subd. 3. [DUTIES.] The corporation shall:*

*(1) provide technology transfer and applied research and development assistance to businesses and organizations in the state that are primarily small and medium-sized businesses, including individuals, sole proprietorships, partnerships, corporations, other business entities, and non-profit organizations, in greater Minnesota; and*

*(2) provide or provide for research services, including on-site research and testing of production techniques and product quality.*

Sec. 4. Minnesota Statutes 1988, section 116O.06, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL ASSISTANCE; TYPES.] The corporation may provide financial assistance to *individuals*, sole proprietorships, ~~businesses partnerships, corporations, other business entities,~~ or ~~for-profit or~~ nonprofit organizations that have (1) received research assistance from a corporation research facility or as a result of a research grant under section 116O.09, subdivision 4, or 116O.011; or (2) received favorable review through a peer review process established under guidelines developed under section 116O.10, subdivision 2. Financial assistance includes, ~~but is not limited to,~~ loan guarantees or insurance, direct loans, and interest subsidy payments. The corporation may participate in loans by purchasing from a lender up to 50 percent of each loan.

Sec. 5. Minnesota Statutes 1988, section 116O.06, subdivision 5, is amended to read:

Subd. 5. [PREFERENCE.] In providing financial assistance, the corporation must give preference to *individuals*, sole proprietorships, ~~businesses partnerships, corporations, other business entities,~~ or organizations that are starting or expanding their operations in greater Minnesota.

Sec. 6. Minnesota Statutes 1988, section 116O.14, is amended to read:

116O.14 [AUDITS.]

The corporation board shall contract with a certified public accounting firm to do a financial and compliance audit of the corporation and any subsidiary annually in accordance with generally accepted accounting standards. *The corporation must submit a copy of the audit to the chairs of the senate finance, economic development and housing, and agriculture and rural development committees, and the house of representatives appropriations and economic development committees.*

~~The books and records of the corporation and any subsidiary, fund, or entity to be administered or governed by the corporation are subject to audit without previous notice by the legislative auditor. The corporation is subject to the auditing requirements under sections 3.971 and 3.972.~~

Sec. 7. Minnesota Statutes 1988, section 116O.15, is amended to read:

116O.15 [REPORTS ANNUAL REPORT.]

The board shall *submit a report to the appropriate chairs of the senate economic development and housing and agriculture and rural development and the house of representatives economic development committees of the legislature and the governor on the activities of the corporation by January February 1 of each year. The report must include, at least, a description of projects supported by the corporation, an account of all grants made by the corporation during the calendar year, the source and amount of all money collected and distributed by the corporation, the corporation's assets and liabilities, an explanation of administrative expenses, and any amendments to the operational plan.* the following:

(1) a description of each of the programs that the corporation has provided or undertaken during the previous year. The description of each program must describe (i) the statement of purpose for the program, (ii) the administration of the program including the activities the corporation was responsible for and the responsibilities that other organizations had

*in administering the program, (iii) the results of the program including how the results were measured, (iv) the expenses of the program paid by the corporation, and (v) the source of corporate and noncorporate funding for the program;*

*(2) an identification of the sources of funding in the previous year for the corporation including federal, state and local government, foundations, gifts, donations, fees, and all other sources;*

*(3) a description of the distribution of all money spent by the corporation in the previous year including an identification of the total expenditures attributable to each applied research institute and to each program area, other than corporate administrative expenditures;*

*(4) a description of the administrative expenses attributable to each applied research institute and to each program area, of the corporation during the previous year;*

*(5) the assets and liabilities of the corporation attributable to each applied research institute and to each program area, at the end of the previous fiscal year;*

*(6) a description of each grant awarded by the corporation during the previous year;*

*(7) a description of changes made to the operational plan during the previous year; and*

*(8) a description of any newly adopted or significant changes to bylaws, programmatic or administrative guidelines, policies, rules, or eligibility criteria for programs created or administered by the corporation during the previous year.*

Reports must be made to the legislature as required by section 3.195.”

Delete the title and insert:

“A bill for an act relating to economic development; clarifying the powers and duties of the Greater Minnesota Corporation; expanding auditing and reporting requirements; amending Minnesota Statutes 1988, sections 116O.03, by adding a subdivision; 116O.04, by adding a subdivision; 116O.05; 116O.06, subdivisions 1 and 5; 116O.14; and 116O.15.”

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

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

H.F No. 1411: A bill for an act relating to cooperatives; recodifying and clarifying certain provisions on cooperative businesses; amending certain provisions of cooperative business law; requiring a registered officer or agent for cooperatives; authorizing cooperatives to provide greater approval proportions than provided in statute for certain cooperative actions; providing corporate existence of cooperative begins with filing of articles; authorizing loans to and fiduciary powers with members; specifying how vacancies in unexpired directors' terms may be filled; authorizing the board to rescind membership for member violations; eliminating certain filings with county recorders; eliminating attorney general approval of articles of

merger or consolidation; prescribing a fee for filing articles of consolidation; prescribing a procedure for dissolution of cooperatives; deeming certain organized cooperatives to be organized under and subject to this act; amending Minnesota Statutes 1988, sections 47.20, subdivision 2; 117.232, subdivision 1; 216B.027, subdivision 5; 237.075, subdivision 9; 273.124, subdivisions 3 and 6; 273.132, subdivision 5; 363.01, subdivision 32; and 500.20, subdivision 2a; proposing coding for new law as Minnesota Statutes, chapter 308A; repealing Minnesota Statutes 1988, sections 308.01 to 308.92.

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

Page 14, line 28, delete "*apartment*" and insert "*housing*" and delete "*section 290.09,*"

Page 14, line 29, delete "*subdivision 17*" and insert "*United States Code, title 26, section 216, subsection (b)(1)*"

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. 438: A bill for an act relating to courts; specifying the income standard for proceeding in forma pauperis; amending Minnesota Statutes 1988, section 563.01, subdivision 3.

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

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

H.F. No. 1155: A bill for an act relating to insurance; life and health; regulating policy and contract provisions, coverages, certain cost-containment mechanisms, cancellations and nonrenewals, trade and marketing practices, and remedies in these and other lines; making technical changes; amending Minnesota Statutes 1988, sections 45.025, subdivision 8; 45.027, subdivision 7; 45.028, subdivision 1; 61A.011, subdivision 1; 61A.092, subdivision 3; 61B.03, subdivision 6; 62A.01; 62A.041; 62A.08; 62A.09; 62A.15, subdivision 3a; 62A.17, subdivision 2; 62A.46, by adding a subdivision; 62A.48, subdivision 1; 62B.01; 62B.04, subdivision 1; 62D.12, by adding a subdivision; 62E.06, subdivision 1; 72A.20, subdivision 15, and by adding subdivisions; 72A.325; and 149.11; proposing coding for new law in Minnesota Statutes, chapters 60A; 62A; 65A; and 72A; repealing Minnesota Statutes 1988, sections 60A.23, subdivision 7; and 72A.13, 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 45.025, subdivision 8, is amended to read:

Subd. 8. [CIVIL REMEDY.] A person violating this section is liable to a purchaser of the investment product. The purchaser may sue either in equity for rescission upon tender of the investment product or at law for damages if the purchaser no longer owns the investment product. In an

action for rescission, the purchaser is entitled to recover the consideration paid for the investment product, together with interest at the legal rate, costs, and reasonable attorney fees, less the amount of any income received on the investment product. In an action at law, damages are the consideration paid for the investment product together with interest at the legal rate to the date of disposition, costs, and reasonable attorney fees, less the value of the investment product at the date of disposition. *Subject to the exceptions in subdivision 3*, if the advertisement advertises an investment product whose interest rate varies according to the earnings or income of the issuer and if the advertisement projects the accumulated earnings for a period longer than one year, the issuer and agent are jointly and severally liable to the purchaser for the difference in the principal and interest received by the purchaser and the principal and interest as projected in the advertisement.

Sec. 2. Minnesota Statutes 1988, section 45.027, subdivision 7, is amended to read:

Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to chapters 45 to 83, 155A, 309, or 332, or censure that person if the commissioner finds that:

- (1) the order is in the public interest; ~~or~~ and
- (2) the person has violated chapters 45 to 83, 155A, 309, or 332.

Sec. 3. Minnesota Statutes 1988, section 45.028, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) When a person, including any nonresident of this state, engages in conduct prohibited or made actionable by chapters 45 to 83, 155A, 309, and 332, or any rule or order under those chapters, and the person has not filed a consent to service of process under chapters 45 to 83, 155A, 309, and 332, that conduct is equivalent to an appointment of the commissioner as the person's attorney to receive service of process in any noncriminal suit, action, or proceeding against the person which is based on that conduct and is brought under chapters 45 to 83, 155A, 309, and 332, or any rule or order under those chapters.

(b) *Subdivision 2 also applies in all other cases under chapters 45 to 83, 155A, 309, and 332, or any rule or order under those chapters, in which a person, including a nonresident of this state, has filed a consent to service of process. This paragraph supersedes any inconsistent provision of law.*

Sec. 4. Minnesota Statutes 1988, section 61A.011, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any other provision of law when any insurer, including a fraternal benefit society, admitted to transact life insurance in this state pays the proceeds of or payments under any policy of life insurance, individual or group, such insurer shall pay interest at a rate not less than the then current rate of interest on death proceeds left on deposit with the insurer, computed from the insured's death until the date of payment, on any such proceeds or payments payable to a beneficiary residing in this state, or to a beneficiary under a policy issued in this state or to a beneficiary under a policy insuring a person resident in this state at the time of death. If the insurer has no established current rate of interest

for death proceeds left on deposit with the insurer, then the rate of interest to be paid under this subdivision shall be the rate of interest charged by the insurer to policy holders for loans under the insurer's policies.

Sec. 5. Minnesota Statutes 1988, section 61A.09, is amended by adding a subdivision to read:

*Subd. 3. Group life insurance policies may be issued to cover groups of not less than ten debtors of a creditor written under a master policy issued to a creditor to insure its debtors in connection with real estate mortgage loans, in an amount not to exceed the actual or scheduled amount of their indebtedness. Each application for group mortgage insurance offered prior to or at the time of loan closing shall contain a clear and conspicuous notice that the insurance is optional and is not a condition for obtaining the loan. Each person insured under a group insurance policy issued under this subdivision shall be furnished a certificate of insurance which conforms to the requirements of section 62B.06, subdivision 2, and which includes a conversion privilege permitting an insured debtor to convert, without evidence of insurability, to an individual policy of decreasing term insurance within 30 days of the date the insured debtor's group coverage is terminated for any reason other than the nonpayment of premiums. The initial amount of coverage under the individual policy shall be an amount equal to the amount of coverage terminated under the group policy and shall decrease over a term that corresponds with the scheduled term of the insured debtor's mortgage loan. The premium for the individual policy shall be the same premium the insured debtor was paying under the group policy.*

Sec. 6. Minnesota Statutes 1988, section 61A.092, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF OPTIONS.] Upon termination of or layoff from employment of a covered employee, the employer shall inform the employee of:

- (1) the employee's right to elect to continue the coverage;
- (2) the amount the employee must pay monthly to the employer to retain the coverage;
- (3) the manner in which and the office of the employer to which the payment to the employer must be made; and
- (4) the time by which the payments to the employer must be made to retain coverage.

The employee has 60 days within which to elect coverage. The 60-day period shall begin to run on the date coverage would otherwise terminate or on the date upon which notice of the right to coverage is received, whichever is later.

Notice must be in writing and sent by first class certified mail to the employee's last known address which the employee has provided to the employer.

A notice in substantially the following form is sufficient: "As a terminated or laid off employee, the law authorizes you to maintain your group insurance benefits for a period of up to 18 months. To do so, you must notify your former employer within 60 days of your receipt of this notice that you intend to retain this coverage and must make a monthly payment of



\$ . . . . . at . . . . . by the . . . . . of each month.”

Sec. 7. Minnesota Statutes 1988, section 61B.03, subdivision 6, is amended to read:

Subd. 6. [COVERED POLICY.] “Covered policy” means any policy or contract owned by a Minnesota resident to which sections 61B.01 to 61B.16 apply, as provided in section 61B.02.

Sec. 8. Minnesota Statutes 1988, section 62A.01, is amended to read:

**62A.01 [POLICY OF ACCIDENT AND SICKNESS INSURANCE DEFINED.]**

*Subdivision 1. [DEFINITION.] The term “policy of accident and sickness insurance” as used herein includes any policy covering the kind of insurance described in section 60A.06, subdivision 1, clause (5)(a).*

*Subd. 2. [EQUAL PROTECTION.] A certificate of insurance or similar evidence of coverage issued to a Minnesota resident shall provide coverage for all benefits required to be covered in group policies in Minnesota by chapters 62A and 62E.*

*This subdivision supersedes any inconsistent provision of chapters 62A and 62E.*

*A policy of accident and sickness insurance that is issued or delivered in this state and that covers a person residing in another state may provide coverage or contain provisions that are less favorable to that person than required by chapters 62A and 62E. Less favorable coverages or provisions must meet the requirements that the state in which the person resides would have required had the policy been issued or delivered in that state.*

*Subd. 3. [EXCLUSIONS.] Subdivision 2 does not apply to certificates issued in regard to a master policy issued outside the state of Minnesota if all of the following are true:*

- (1) the policyholder or certificate holder exists primarily for purposes other than to obtain insurance;*
- (2) the policyholder or certificate holder is not a Minnesota corporation and does not have its principal office in Minnesota;*
- (3) the policy or certificate covers fewer than 25 employees who are residents of Minnesota and the Minnesota employees represent less than 25 percent of all covered employees; and*
- (4) on request of the commissioner, the issuer files with the commissioner a copy of the policy and a copy of each form of certificate.*

*This subdivision applies to employers who are not corporations if they are policyholders or certificate holders providing coverage to employees through the certificate or policy.*

*Subd. 4. [APPLICATION OF OTHER LAWS.] Section 60A.08, subdivision 4, shall not be construed as requiring a certificate of insurance or similar evidence of insurance that meets the conditions of subdivision 3 to comply with chapter 62A or 62E.*

Sec. 9. Minnesota Statutes 1988, section 62A.041, is amended to read:

**62A.041 [MATERNITY BENEFITS.]**

*Subdivision 1. [DISCRIMINATION PROHIBITED AGAINST UNMARRIED WOMEN.]* Each group policy of accident and health insurance and each group health maintenance contract shall provide the same coverage for maternity benefits to unmarried women and minor female dependents that it provides to married women including the wives of employees choosing dependent family coverage. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each group policy and each group contract shall provide the same coverage for that child as that provided for the child of a married employee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

Each individual policy of accident and health insurance and each individual health maintenance contract shall provide the same coverage for maternity benefits to unmarried women and minor female dependents as that provided for married women. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each individual policy and each individual contract shall also provide the same coverage for that child as that provided for the child of a married insured or a married enrollee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

*Subd. 2. [LIMITATION ON COVERAGE PROHIBITED.]* Each group policy of accident and health insurance, except for policies which only provide coverage for specified diseases, or each group subscriber contract of accident and health insurance or health maintenance contract, issued or renewed after August 1, 1987, shall include maternity benefits in the same manner as any other illness covered under the policy or contract.

*Subd. 3. [ABORTION.]* For the purposes of this section, the term "maternity benefits" shall not include elective, induced abortion whether performed in a hospital, other abortion facility, or the office of a physician.

This section applies to policies and contracts issued, delivered, or renewed after August 1, 1985, that cover Minnesota residents.

**Sec. 10. [62A.049] [LIMITATION ON PREAUTHORIZATIONS.]**

*No policy of accident and sickness insurance or group subscriber contract regulated under chapter 62C issued or renewed in this state may contain a provision that makes an insured person ineligible to receive full benefits because of the insured's failure to obtain preauthorization, if that failure occurs because of the need for emergency confinement or emergency treatment. The insured or an authorized representative of the insured shall notify the insurer as soon after the beginning of emergency confinement or emergency treatment as reasonably possible. However, to the extent that the insurer suffers actual prejudice caused by the failure to obtain preauthorization, the insured may be denied all or part of the insured's benefits. This provision does not apply to admissions for treatment of chemical dependency and nervous and mental disorders.*

Sec. 11. Minnesota Statutes 1988, section 62A.08, is amended to read:

**62A.08 [COVERAGE OF POLICY, CONTINUANCE IN FORCE.]**

If any such policy contains a provision establishing, as an age limit or otherwise, a date after which the coverage provided by the policy will not be effective, and if such date falls within a period for which premium is accepted by the insurer or if the insurer accepts a premium after such date, the coverage provided by the policy will continue in force subject to any right of cancellation until the end of the period for which premium has been accepted.

In the event the age of the insured has been misstated and if, according to the correct age of the insured, ~~the coverage provided by the policy would not have become effective, or would have ceased prior to the acceptance of such premium or premiums, then the liability of the insurer shall be limited to the refund, upon request, of all premiums paid for the period not covered by the policy.~~ *the policy would not have been issued, the insurer may, within 90 days of discovering the misstatement, limit its liability to a refund of all premiums paid. In all other instances the insurer may either adjust the premium to reflect the actual age of the insured or adjust the benefits to reflect the actual age and the premium.*

Sec. 12. Minnesota Statutes 1988, section 62A.09, is amended to read:

62A.09 [LIMITATION.]

Nothing in sections 62A.01 to, 62A.02, 62A.03, 62A.04, 62A.05, 62A.06, 62A.07, and 62A.08 shall apply to or affect:

(1) any policy of workers' compensation insurance or any policy of casualty or fire and allied lines insurance with or without supplementary coverage therein; or

(2) any policy or contract of reinsurance; or

(3) any ~~blanket or~~ group policy of insurance, *except when specifically referred to; or*

(4) life insurance, endowment or annuity contracts, or contracts supplemental thereto which contain only such provisions relating to accident and sickness insurance as (a) provide additional benefits in case of death or dismemberment or loss of sight by accident, or as (b) operate to safeguard such contracts against lapse or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall become totally and permanently disabled, as defined by the contract or supplemental contract.

Sec. 13. Minnesota Statutes 1988, section 62A.15, subdivision 3a, is amended to read:

Subd. 3a. [NURSING SERVICES.] All benefits provided by a policy or contract referred to in subdivision 1, relating to expenses incurred for medical treatment or services of a duly licensed physician must include services provided by a registered nurse who is licensed pursuant to section 148.171 and who is certified by the profession to engage in advanced nursing practice. "Advanced nursing practice" means the performance of health services by professional nurses who have gained additional knowledge and skills through an organized program of study and clinical experience preparing nurses for advanced practice roles as nurse anesthetists, nurse midwives, nurse practitioners, or clinical specialists in psychiatric or mental health nursing. The program of study must be beyond the education required for registered nurse licensure and must meet criteria established by the professional nursing organization having authority to certify the registered nurse in advanced nursing practice; ~~and appear on a list established and maintained by the board of nursing through rulemaking.~~ *For the purposes of this subdivision, the board of nursing shall, by rule, adopt a list of professional nursing organizations which have the authority to certify nurses in advanced nursing practice.*

This subdivision is intended to provide payment of benefits for treatment and services by a licensed registered nurse certified in advanced nursing

practice as defined in this subdivision and is not intended to add to the benefits provided for in these policies or contracts.

Sec. 14. Minnesota Statutes 1988, section 62A.15, subdivision 4, is amended to read:

Subd. 4. [DENIAL OF BENEFITS.] (a) No carrier referred to in subdivision 1 may, in the payment of claims to employees in this state, deny benefits payable for services covered by the policy or contract if the services are lawfully performed by a licensed chiropractor, licensed optometrist, or a registered nurse meeting the requirements of subdivision 3a.

(b) When carriers referred to in subdivision 1 make claim determinations concerning the appropriateness, quality, or utilization of chiropractic health care for Minnesotans, any of these determinations that are made by health care professionals must be made by, or under the direction of, or subject to the review of *licensed* doctors of chiropractic ~~licensed under the provisions of sections 148.04 to 148.104.~~

Sec. 15. Minnesota Statutes 1988, section 62A.152, subdivision 2, is amended to read:

Subd. 2. [MINIMUM BENEFITS.] (a) All group policies and all group subscriber contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage on the same basis as coverage for other benefits for at least 80 percent of the cost of the usual and customary charges of the first ten hours of treatment incurred over a 12-month benefit period, for mental or nervous disorder consultation, diagnosis and treatment services delivered while the insured person is not a bed patient in a hospital, and at least 75 percent of the cost of the usual and customary charges for any additional hours of treatment during the same 12-month benefit period for serious or persistent mental or nervous disorders, if the services are furnished by (1) a licensed or accredited hospital, (2) a community mental health center or mental health clinic approved or licensed by the commissioner of human services or other authorized state agency, ~~or~~ (3) a *licensed psychologist licensed under the provisions of sections 148.88 to 148.98*, (4) a licensed consulting psychologist licensed under the provisions of sections 148.88 to 148.98, or (5) a psychiatrist licensed under chapter 147. Prior authorization from an accident and health insurance company, or a nonprofit health service corporation, shall be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may be limited to a maximum of 30 visit hours during any 12-month benefit period.

(b) For purposes of this section, covered treatment for a minor includes treatment for the family if family therapy is recommended by a provider listed in paragraph (a); ~~item (1); (2); or (3).~~ For purposes of determining benefits under this section, "hours of treatment" means treatment rendered on an individual or single-family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour.

Sec. 16. Minnesota Statutes 1988, section 62A.152, subdivision 3, is amended to read:

Subd. 3. [PROVIDER DISCRIMINATION PROHIBITED.] All group policies and group subscriber contracts that provide benefits for mental or

nervous disorder treatments in a hospital must provide direct reimbursement for those services if performed by a *licensed psychologist or a licensed consulting psychologist* to the extent that the services and treatment are within the scope of *licensed psychologist or licensed consulting psychologist* licensure. The order of the physician requesting the services of the *licensed psychologist or licensed consulting psychologist* may be required to be submitted with the claim for payment.

This subdivision is intended to provide payment of benefits for mental or nervous disorder treatments performed by a *licensed psychologist or a licensed consulting psychologist* in a hospital and is not intended to change or add benefits for those services provided in policies or contracts to which this subdivision applies.

Sec. 17. Minnesota Statutes 1988, section 62A.17, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITY OF EMPLOYEE.] Every covered employee electing to continue coverage shall pay the former employer, on a monthly basis, the cost of the continued coverage. If the policy, contract, or health care plan is administered by a trust, every covered employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for similarly situated employees with respect to whom neither termination nor layoff has occurred, without regard to whether such cost is paid by the employer or employee. The employee shall be eligible to continue the coverage until the employee becomes covered under another group health plan, or for a period of 18 months after the termination of or lay off from employment, whichever is shorter. *If the employee becomes covered under another group policy, contract, or health plan and the new group policy, contract, or health plan contains any preexisting condition limitations, the employee may, subject to the 18-month maximum continuation limit, continue coverage with the former employer until the preexisting condition limitations have been satisfied. The new policy, contract, or health plan is primary except as to the preexisting condition. In the case of a newborn child who is a dependent of the employee, the new policy, contract, or health plan is primary upon the date of birth of the child, regardless of which policy, contract, or health plan coverage is deemed primary for the mother of the child.*

Sec. 18. Minnesota Statutes 1988, section 62A.46, is amended by adding a subdivision to read:

Subd. 12. [HOMEBOUND OR HOUSE CONFINED.] *"Homebound or house confined" means that a person is physically unable to leave the home without another person's aid because the person has lost the capacity of independent transportation or is disoriented.*

Sec. 19. Minnesota Statutes 1988, section 62A.48, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract, or other evidence of coverage of nursing home care or other long-term care services shall be offered, issued, delivered, or renewed in this state, whether or not the policy is issued in this state, unless the policy is offered, issued, delivered, or renewed by a qualified insurer and the policy satisfies the requirements of sections 62A.46 to 62A.56. A

long-term care policy must cover medically prescribed long-term care in nursing facilities and at least the medically prescribed long-term home care services in section 62A.46, subdivision 4, clauses (1) to (5), provided by a home health agency. Coverage under a long-term care policy AA must include: a maximum lifetime benefit limit of at least \$100,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums; and a requirement of prior hospitalization for up to one day may be imposed only for long-term care in a nursing facility. Coverage under a long-term care policy A must include: a maximum lifetime benefit limit of at least \$50,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums; and a requirement of prior hospitalization for up to three days may be imposed for long-term care in a nursing facility or home care services. If long-term care policies require the policyholder to be admitted to a nursing facility or begin home care services within a specified period after discharge from a hospital, that period may be no less than 30 days. Prior hospitalization may not be required under a long-term care policy.

Coverage under either policy designation must cover preexisting conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage. Coverage under either policy designation may include a waiting period of up to 90 days before benefits are paid, but there must be no more than one waiting period per benefit period. No policy may exclude coverage for mental or nervous disorders which have a demonstrable organic cause, such as Alzheimer's and related dementias. No policy may require the insured to meet a prior hospitalization test more than once during a single benefit period be homebound or house confined to receive home care services. The policy must include a provision that the plan will not be canceled or renewal refused except on the grounds of nonpayment of the premium, provided that the insurer may change the premium rate on a class basis on any policy anniversary date. A provision that the policyholder may elect to have the premium paid in full at age 65 by payment of a higher premium up to age 65 may be offered. A provision that the premium would be waived during any period in which benefits are being paid to the insured during confinement in a nursing facility must be included. A nongroup policyholder may return a policy within 30 days of its delivery and have the premium refunded in full, less any benefits paid under the policy, if the policyholder is not satisfied for any reason.

#### Sec. 20. [62A.60] [RETROACTIVE DENIAL OF EXPENSES.]

*In cases where the subscriber or insured is liable for costs beyond applicable copayments or deductibles, no insurer may retroactively deny payment to a person who is covered when the services are provided for health care services that are otherwise covered, if the insurer or its representative failed to provide prior or concurrent review or authorization for the expenses when required to do so under the policy, plan, or certificate. If prior or concurrent review or authorization was provided by the insurer or its representative, the insurer may not deny payment for the authorized service or time period except in cases where fraud or substantive misrepresentation occurred.*

Sec. 21. Minnesota Statutes 1988, section 62B.01, is amended to read:

#### 62B.01 [SCOPE.]

All life insurance and accident and health insurance in connection with loan or other credit transactions shall be subject to the provisions of sections

62B.01 to 62B.14, except insurance in connection with a loan or other credit transaction of more than five years duration mortgage life, mortgage accidental death, and mortgage disability insurance. Insurance shall not be subject to the provisions of sections 62B.01 to 62B.14 where its issuance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor. Credit life and accident and health insurance provided at no additional cost to the borrower shall not be subject to the provisions of sections 62B.01 to 62B.14.

Sec. 22. Minnesota Statutes 1988, section 62B.04, subdivision 1, is amended to read:

Subdivision 1. [CREDIT LIFE INSURANCE.] (1) The initial amount of credit life insurance shall not exceed the total actual amount repayable under the contract of indebtedness as it exists from time to time, less any unearned interest or finance charges; provided that if the amount of credit life insurance is based on a predetermined schedule, the amount may not exceed the scheduled amount of unpaid indebtedness, less any unearned interest or finance charges, plus an amount equal to two equal monthly payments. ~~Thereafter, if the indebtedness is repayable in substantially equal installments, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater.~~

(2) Notwithstanding clause (1), insurance on educational, agricultural and horticultural credit transaction commitments may be written on a nondecreasing or level term plan for the amount of the loan commitment.

Sec. 23. Minnesota Statutes 1988, section 62D.12, is amended by adding a subdivision to read:

*Subd. 1a.* [SWING-OUT PRODUCTS.] *Notwithstanding subdivision 1, nothing in sections 10, 20, and 26 applies to a commercial health policy issued under this chapter as a companion to a health maintenance contract.*

Sec. 24. Minnesota Statutes 1988, section 62E.06, subdivision 1, is amended to read:

Subdivision 1. [NUMBER THREE PLAN.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 62C, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall be subject to a maximum lifetime benefit of not less than \$500,000.

The \$3,000 limitation on total annual out-of-pocket expenses and the \$500,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

(1) hospital services;

(2) professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than dental, which are rendered by a physician or at the physician's direction;

(3) drugs requiring a physician's prescription;

(4) services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under Medicare;

(5) services of a home health agency if the services would qualify as reimbursable services under Medicare;

(6) use of radium or other radioactive materials;

(7) oxygen;

(8) anesthetics;

(9) prostheses other than dental but including scalp hair prostheses worn for hair loss suffered as a result of alopecia areata;

(10) rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;

(11) diagnostic X-rays and laboratory tests;

(12) oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) services of a physical therapist;

(14) transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition; or a reasonable mileage rate for transportation to a kidney dialysis center for treatment; and

(15) services of an occupational therapist.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, Medicare or any other governmental program except as otherwise provided by ~~law~~ section 62A.04, subdivision 3, clause (4);

(2) any charge for treatment for cosmetic purposes other than for reconstructive surgery when such service is incidental to or follows surgery resulting from injury, sickness, or other diseases of the involved part or when such service is performed on a covered dependent child because of congenital disease or anomaly which has resulted in a functional defect as determined by the attending physician;

(3) care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under Medicare;

(4) any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semiprivate room, unless a private room is prescribed as medically necessary by a physician, provided,



however, that if the institution does not have semiprivate rooms, its most common semiprivate room charge shall be considered to be 90 percent of its lowest private room charge;

(5) that part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (c), benefits for well baby care, effective July 1, 1980, subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory, and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

(f) Effective August 1, 1985, the minimum benefits of a qualified plan must include, in addition to the benefits specified in clauses (a), (d), and (e), coverage for special dietary treatment for phenylketonuria when recommended by a physician.

(g) Outpatient mental health coverage is subject to section 62A.152, subdivision 2.

#### Sec. 25. [65A.061] [CREDITORS LIMITED TO EXISTING INSURANCE.]

*When a creditor requires a debtor to provide insurance on real or personal property security against reasonable risks of loss, damage, or destruction, no insurance shall be sold or placed by or through the creditor if the debtor provides the creditor with a loss payable through existing policies of insurance that the debtor owns or controls. This section does not apply if the existing insurance is in an amount less than the amount of indebtedness to be secured on the real or personal property.*

*This section does not prevent the disapproval of the insurer or a policy of insurance where there are reasonable grounds for believing that the insurer is insolvent or that the insurance is unsatisfactory as to placement with an unauthorized insurer, adequacy of the coverage, adequacy of the insurer to assume the risk to be insured, the assessment features to which the policy is subject, or other grounds that are based on the nature of the coverage and that are not arbitrary, unreasonable or discriminatory. This section does not prevent a mortgage lender or mortgage servicer from requiring that a policy of insurance or renewal of the policy be in conformance with standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, nor does this section forbid the securing of a policy of insurance or a renewal of the policy at the request of the borrower or because of the borrower's failure to furnish the necessary insurance or renewal.*

*This section supersedes any inconsistent provision of law to the contrary.*

Sec. 26. Minnesota Statutes 1988, section 72A.20, is amended by adding

a subdivision to read:

*Subd. 4a. [STANDARDS FOR PREAUTHORIZATION APPROVAL.] If a policy of accident and sickness insurance or a subscriber contract requires preauthorization approval for any nonemergency services or benefits, the decision to approve or disapprove the requested services or benefits must be communicated to the insured or the insured's health care provider within ten business days of the preauthorization request and receipt of all information reasonably necessary to make a decision on the request.*

Sec. 27. Minnesota Statutes 1988, section 72A.20, subdivision 15, is amended to read:

**Subd. 15. [PRACTICES NOT HELD TO BE DISCRIMINATION OR REBATES.]** Nothing in subdivision 8, 9, or 10, or in section 72A.12, subdivisions 3 and 4, shall be construed as including within the definition of discrimination or rebates any of the following practices:

(1) in the case of any contract of life insurance or annuity, paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, provided that any bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interests of the company and its policyholders;

(2) in the case of life insurance policies issued on the industrial debit plan, making allowance, to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer, in an amount which fairly represents the saving in collection expense;

(3) readjustment of the rate of premium for a group insurance policy based on the loss or expense experienced thereunder, at the end of the first or any subsequent policy year of insurance thereunder, which may be made retroactive only for such policy year;

(4) in the case of an individual or group health insurance policy, the payment of differing amounts of reimbursement to insureds who elect to receive health care goods or services from providers designated by the insurer, provided that each insurer shall on or before August 1 of each year file with the commissioner summary data regarding the financial reimbursement offered to providers so designated.

Any insurer which proposes to offer an arrangement authorized under this clause shall disclose prior to its initial offering and on or before August 1 of each year thereafter as a supplement to its annual statement submitted to the commissioner pursuant to section 60A.13, subdivision 1, the following information:

(a) the name which the arrangement intends to use and its business address;

(b) the name, address, and nature of any separate organization which administers the arrangement on the behalf of the insurers; and

(c) the names and addresses of all providers designated by the insurer under this clause and the terms of the agreements with designated health care providers.

The commissioner shall maintain a record of arrangements proposed under this clause, including a record of any complaints submitted relative to the arrangements.

*If the commissioner requests copies of contracts with a provider under this clause and the provider requests a determination, all information contained in the contracts that the commissioner determines may place the provider or health care plan at a competitive disadvantage is nonpublic data.*

Sec. 28. Minnesota Statutes 1988, section 72A.20, is amended by adding a subdivision to read:

*Subd. 20. [CANCELLATIONS AND NONRENEWALS.] No insurer shall cancel or fail to renew an individual life or individual health policy or an individual nonprofit health service plan subscriber contract for nonpayment of premium unless it mails or delivers to the named insured, at the address shown on the policy or subscriber contract at least 30 days before lapse, final notice of the cancellation or nonrenewal and the effective date of the cancellation or nonrenewal.*

*If the named insured is not the policy or subscriber contract owner, the notice required by this subdivision must be sent to the insured's last known address, if any, and to the owner's last known address.*

*Proof of mailing of the notice of lapse for failure to pay the premium before the expiration of the grace period is sufficient proof that notice required in this subdivision has been given.*

*This subdivision does not apply to a life or health insurance policy or contract upon which premiums are paid at a monthly interval or less and that contains any grace period required by statute for the payment of premiums during which time the insurance continues in force.*

Sec. 29. Minnesota Statutes 1988, section 72A.20, is amended by adding a subdivision to read:

*Subd. 21. [USE OF STATEMENTS OF A MINOR.] No statement of a minor or information obtained by an insurer or a representative of an insurer from a minor may be used in any manner in regard to a claim unless the parent or guardian of the minor has granted permission for the minor to be interviewed or the minor's statement to be taken.*

Sec. 30. Minnesota Statutes 1988, section 72A.20, is amended by adding a subdivision to read:

*Subd. 22. [LOSS EXPERIENCE.] An insurer shall without cost to the insured provide an insured with the loss or claims experience of that insured for the current policy period and for the two policy periods preceding the current one for which the insurer has provided coverage, within 30 days of a request for the information by the policy holder. The insurer shall not be responsible for providing information without cost more often than once in a 12-month period. The insurer is not required to provide the information if the policy covers the employee of more than one employer and the information is not maintained separately for each employer and not all employers request the data.*

*Loss experience for additional years, if available, must be provided only if the insured makes a written request for information that is required by another insurer with whom the insured has applied for coverage.*

*This subdivision does not apply to individual life and health insurance policies or personal automobile or homeowner's insurance policies.*

Sec. 31. Minnesota Statutes 1988, section 72A.20, is amended by adding

a subdivision to read:

*Subd. 23. [SOLICITATIONS AND SALES OF INSURANCE PRODUCTS TO BORROWERS.] (a) A loan officer, a loan representative, or other person involved in taking or processing a loan may not solicit an insurance product, except for credit life and disability or mortgage life, mortgage accidental death, or mortgage disability, from the completion of the initial loan application, as defined in the federal Equal Credit Opportunity Act, United States Code, title 15, sections 1691 to 1691f, and any regulations adopted under those sections, until after the closing of the loan transaction.*

*(b) This subdivision applies only to loan transactions covered by the federal Truth-in-Lending Act, United States Code, title 15, sections 1601 to 1666j, and any regulations adopted under those sections.*

*(c) This subdivision does not apply to sales of title insurance, homeowner's insurance, a package homeowner's-automobile insurance product, automobile insurance, or a similar insurance product, required to perfect title to, or protect, property for which a security interest will be taken if the product is required as a condition of the loan.*

*(d) Nothing in this subdivision prohibits the solicitation or sale of any insurance product by means of mass communication.*

**Sec. 32. [72A.205] [PROHIBITED PROVISIONS AND COVERAGES.]**

*No policy of insurance paying a death benefit that returns premiums or premiums plus interest, or multiples of less than four times the premiums or premiums plus interest, in lieu of benefits may be issued in this state unless the application for the policy is completed in the presence of the applicant and a licensed insurance agent, and the application contains a disclosure stating that the full death benefit may not be paid and clearly indicating the period for which the death benefit may be withheld. The disclosure required by this section must be approved by the commissioner prior to its use. This section does not prohibit the return of premiums or premiums plus interest in connection with a voluntary or judicially ordered rescission of the policy, nor in accordance with the terms of exclusions from coverage for suicides, aviation, or war risk.*

Sec. 33. Minnesota Statutes 1988, section 72A.325, is amended to read:

**72A.325 [INSURANCE FOR FUNERAL OR BURIAL EXPENSE; FREEDOM OF CHOICE.]**

*(a) No insurance company, or agent, or other person engaged in the business of providing insurance or other benefits for the payment of any funeral or burial expense affiliate or associate of a company or agent, shall designate, endorse, or otherwise promote any particular a trust established under section 149.11, mortician, funeral director, funeral establishment, cemetery, or any other party offering funeral or burial services or supplies, as the direct or indirect beneficiary or recipient of the benefits, so as to deprive the family, next of kin, or other representative of the deceased policyholder of the right to select the funeral or burial services and supplies of their choice, under a life insurance policy. No insurance company or agent shall assign or promote or facilitate the assignment of benefits under a life insurance policy to an affiliate or associate where such assignment is for the purpose of directly or indirectly providing the benefits to a trust established under section 149.11, mortician, funeral*

*director, funeral establishment, cemetery, or any party offering funeral or burial services or supplies.*

*(b) No owner, director, or employee, or relative of an owner, director, or employee, of a funeral establishment, trade association, or entity having a direct equity interest in a funeral establishment or relative of any person having at least a ten percent ownership interest in the entity, shall receive any fee, commission, or other reimbursement on any insurance sale facilitated through the funeral establishment.*

*(c) No owner, director, or employee of a funeral establishment or trade association shall receive any fee for endorsing insurance policies, plans, or services.*

*(d) The sale of life insurance to facilitate funeral or burial services by a company or agency which is an affiliate of a funeral director or a funeral establishment, or which pays a fee or commission to a funeral director or funeral establishment in connection with that sale of life insurance is prohibited.*

*(e) For purposes of this section, the following terms have the meanings given them:*

*(1) "Affiliate" of another person means any person directly or indirectly controlling, controlled by, or under common control with, the other person;*

*(2) "Associate" of a person means any person acting jointly or in concert with the person; and*

*(3) "Relative" of another person means mother, father, sister, brother, husband, wife, son, daughter, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or person in the third degree of kinship to the other person.*

Sec. 34. Minnesota Statutes 1988, section 149.11, is amended to read:

149.11 [PREARRANGED FUNERAL PLANS; CONTRACTS; TRUST FUNDS.]

*(a) When prior to the death of any person, that person or another enters into any transaction, makes a contract, or any series or combination of transactions or contracts with another person, partnership, association or corporation, other than an insurance company licensed to do business in the state of Minnesota, by the terms of which, certain personal property related to the funeral services or the burial, cremation, or other disposition of human remains will be used upon the death of the person for whom the property is to be used, or when the professional services of a funeral director or embalmer will then be furnished, or both, then the total of all money paid by the terms of the transaction, contract or series or combination of transactions or contracts shall be held in trust for the purpose for which it has been paid until the death of the person for whose benefit the money was paid, or refunded to the person who made the payment or payments, upon demand. A prearranged funeral or burial contract buyer may, at the buyer's option, declare the funeral or burial trust to be irrevocable up to an amount equivalent to the current allowable supplemental security income asset exclusion used for determining eligibility for public assistance. The contract buyer may, at the buyer's option, also declare the interest to be irrevocable to the extent permitted by federal laws and rules governing public assistance. The buyer of either a revocable or an irrevocable prearranged funeral or burial contract retains the right to designate as trustee*

*a different funeral establishment at any time before the death of the person for whose benefit the money was paid. Upon the death of that person, the next of kin or other legal representative of that person's estate retains the right to designate as trustee a different funeral establishment.* Accruals of interest or dividends declared upon the sum of money held in trust are subject to the same trust. The person, partnership, association or corporation holding the money in trust shall inform the person on whose behalf the money is held that all money paid plus all accrued earnings will be held in trust until the death of that person or until a request for a refund is made if made prior to death, *except for a prearranged funeral or burial trust declared irrevocable by the buyer under this section.* The location of the trust account including the name and address of the institution in which the money is being held and any identifying account numbers, and any subsequent changes in that information must be disclosed in writing to the person on whose behalf the money is being held, at the time the funds are deposited into the trust account and at the time of any subsequent changes in the information. The personal property shall include but not be limited to a casket, burial vault not interred in a grave, combination casket-vault or other receptacle not described in paragraph (b) for the interment, entombment, cremation, or other disposition of human remains.

(b) Nothing in this section shall prevent the sale and delivery of cemetery lots, graves, burial vaults preinterred in a grave, cremation urns, crypt spaces, niches, or grave or lot markers or monuments before their use is required. Nothing in this section prevents the preconstruction sale of crypt spaces to be permanently installed except that any seller of mausoleum space or columbarium space, selling burial space in a mausoleum or columbarium that is not completely constructed and usable, must comply with section 306.90.

(c) It is the intent of the legislature that the provisions of this section shall be construed as a limitation upon the manner in which a person or legal entity is permitted to accept funds in prepayment of funeral services to be performed in the future or in prepayment of funeral or burial goods to be used in connection with the funeral or final disposition of human remains. It is further intended to allow members of the public to arrange and pay for funerals, final dispositions, funeral services, and funeral and burial goods for themselves and their families in advance of need while at the same time providing all possible safeguards so that the prepaid funds cannot be dissipated, whether intentionally or not, so as to be available for the payment of the services and goods selected.

Sec. 35. [REVISOR'S INSTRUCTION.]

*The revisor of statutes shall, as part of the regular process of statutory revision, prepare a bill for introduction that amends Minnesota Statutes to reflect the intent of the legislature as expressed in section 3 to make uniform the service of process provisions in Minnesota Statutes, chapters 45 to 83, 155A, 309, and 332.*

Sec. 36. [REPEALER.]

*Minnesota Statutes 1988, sections 60A.23, subdivision 7; and 72A.13, subdivision 2, are repealed.*

Sec. 37. [EFFECTIVE DATE.]

*Sections 1 to 3, 5, 6, 8, 9, 11 to 14, 18, 20, 23 to 25, 27, 29, 31, 32, 35, and 36 are effective the day following final enactment. Sections 4, 10,*

17, 26, 28, 30, 33, and 34 are effective August 1, 1989. Sections 7, 15, 16, 19, 21, and 22 are effective for policies, plans, or contracts issued or renewed on or after August 1, 1989."

Amend the title as follows:

Page 1, line 9, after the second semicolon, insert "61A.09, by adding a subdivision;"

Page 1, line 11, delete "subdivision 3a" and insert "subdivisions 3a and 4; 62A.152, subdivisions 2 and 3"

Page 1, line 17, delete "60A;"

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

Mr. Frank from the Committee on Economic Development and Housing, to which were referred the following appointments as reported in the Journal for January 9, 1989:

#### MINNESOTA PUBLIC FACILITIES AUTHORITY

Susan K. Edel  
Marilyn A. Krueger

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Frank from the Committee on Economic Development and Housing, to which was referred the following appointment as reported in the Journal for March 20, 1989:

#### MINNESOTA PUBLIC FACILITIES AUTHORITY

Gena Doyscher

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

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

S.F. No. 1076: A bill for an act relating to commerce; regulating real estate appraisers; creating the real estate appraiser advisory board; providing for membership, compensation, powers, and duties; providing licensing and education requirements; regulating the issuance, renewal, suspension, and revocation of licenses; providing fees; prescribing penalties; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 82B.

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

Page 1, after line 17, insert:

"Subd. 2. [ANALYSIS.] "Analysis" means a study of real estate or real

*property other than estimating value.”*

Page 1, line 21, after “*estate*” insert “*for purposes of preparing an appraisal report*”

Page 1, line 23, delete everything after the period

Page 1, delete lines 24 and 25

Page 2, line 20, after “*chapter*” insert “, *including an appraiser employed by a state agency*”

Page 2, after line 20, insert:

“*Subd. 9. [MARKET ANALYSIS.] “Market analysis” means a price opinion prepared by a licensed real estate salesperson or broker for marketing purposes.*”

Page 2, delete lines 26 to 29

Page 2, after line 35, insert:

“*Subd. 13. [VALUATION.] “Valuation” means an estimate of value of real estate or real property.*”

Renumber the subdivisions in sequence

Page 3, line 1, before “(a)” insert “*Subdivision 1. [LICENSE REQUIRED.]*”

Page 3, after line 8, insert:

“*Subd. 2. [LICENSE NOT REQUIRED.] (a) An officer or employee of a corporation, partnership, or other business entity may act as a real estate appraiser without obtaining a license under this chapter if the corporation, partnership, or other business entity in which the person is employed or is an officer has an interest in the real estate that is the subject of the appraisal as owners, lenders, investors, or insurers.*

*(b) An appraisal conducted by a person exempt under this subdivision must be subject to the guidelines for real estate appraisal policies and review procedures of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Reserve Board, the Farm Credit Administration, or the comptroller of the currency.*

*(c) If a real estate appraisal is made by a person who is exempt from licensing under this subdivision, the person for whom the appraisal is conducted must be given written notice that the appraisal was not conducted by a licensed appraiser, and the appraisal report must clearly state that it was conducted by an interested party and not by a licensed real estate appraiser.*

Sec. 4. [82B.035] [EXEMPTION.]

*Subdivision 1. [MARKET ANALYSIS.] This chapter does not apply to a licensed real estate salesperson or broker who, in the ordinary course of the licensee’s business, gives a market analysis of the price of real estate, if the market analysis is not referred to or construed as an appraisal.*

*Subd. 2. [ASSESSORS.] Nothing in this chapter shall be construed as requiring the licensing of persons employed and acting in their capacity as assessors for political subdivisions of the state.”*

Page 5, line 18, delete “*may*” and insert “*shall*”



Page 8, delete line 35

Page 8, line 36, delete “dwelling units”

Page 9, line 1, delete “terms of the” and insert “uniform standards of professional appraisal practice”

Page 9, line 2, delete “assignment”

Page 9, line 8, delete “not” in both places

Page 9, line 29, after “misconduct” insert “and ethical considerations”

Page 15, line 16, delete “those” and insert “appraisals”

Page 15, line 22, delete “or”

Page 15, after line 22, insert:

“(14) make an oral appraisal report without also making a written report within a reasonable time after the oral report is made;

(15) represent a market analysis to be an appraisal report; or”

Renumber the clauses in sequence

Page 15, line 30, delete “specialized services” and insert “a market analysis”

Page 16, lines 5 and 9, delete “specialized services” and insert “a market analysis”

Page 16, after line 14, insert:

“Sec. 23. [82B.23] [PRIVATE REMEDY.]

*A cause of action for violation of section 21 may not arise unless the person injured has made a written demand to the real estate appraiser for damages and the appraiser has not responded to the demand within ten days after the demand or has denied paying the full amount of damages demanded, and the person can show that actual damages have been sustained as a direct result of the violation. If actual damages have been sustained, the real estate appraiser is liable to that person for actual damages, plus reasonable attorney fees.”*

Page 17, line 3, delete “23” and insert “25”

Renumber the sections in sequence

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 1541, 1378, 605 and 804 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 400, 1411, 438 and 1155 were read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Novak moved that the name of Mr. Merriam be added as a co-author to S.F. No. 879. The motion prevailed.

Mr. Cohen moved that the name of Mr. Chmielewski be added as a co-author to S.F. No. 1277. The motion prevailed.

Mr. Cohen moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1324. The motion prevailed.

Messrs. Ramstad and Moe, R.D. introduced—

Senate Resolution No. 114: A Senate resolution designating October 11, 1989, as American Field Service Day.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1488 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1488: A bill for an act relating to education; authorizing a school district to issue bonds when a calamity occurs and establishing certain procedures for repayment of the bonds.

Mr. Moe, R.D. moved that S.F. No. 1488 be laid on the table. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 46 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 46: A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; providing for deficiencies in and supplementing appropriations for the expenses of state government; authorizing issuance of state bonds; providing for the maximum effort school loan program and the cooperative secondary facilities grant program; clarifying the definition of mental health service provider and providing for a fee for the providers; clarifying requirements of manufactured home parks in certain cases; reducing certain bond sales authorizations; distributing the proceeds of certain litigation; increasing authorizations for certain state transportation bonds; increasing the allocation for bridges to political subdivisions; providing for certain adjustment grants; approving a capital loan; appropriating money; amending Minnesota Statutes 1988, sections 116.18, subdivision 3d; 124.477; 124.493, subdivision 1; 124.494, subdivisions 1, 2, and 4; 124.495; 129B.72, subdivision 2, and by adding a subdivision; 129B.73, subdivision 4, and by adding a subdivision; 148B.40, subdivision 3; 148B.42, by adding a subdivision; 327.20, subdivision 1; and Laws 1979, chapter 280, sections 1 and 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 129B; repealing Laws 1987, chapter 400, section 59, as amended; and Laws 1988, chapter 686, article 1, section 37, subdivision 10.

Mr. Merriam moved to amend H.F. No. 46 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 46, and insert the language after the enacting clause, and the title, of S.F. No. 1588, as introduced.

The motion prevailed. So the amendment was adopted.

Mrs. McQuaid moved to amend H.F. No. 46, as amended by the Senate April 25, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 1588.)

Page 14, line 37, delete "6,750,000" and insert "3,516,750"

Correct the summary and the bond sale authorization accordingly

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on H.F. No. 46. The Sergeant at Arms was instructed to bring in the absent members.

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

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

Those who voted in the affirmative were:

Anderson	Diessner	Knaak	Novak	Storm
Benson	Frederick	Laidig	Olson	Taylor
Bernhagen	Frederickson, D.R.	Larson	Pariseau	
Brataas	Gustafson	McGowan	Ramstad	
Dahl	Hughes	McQuaid	Reichgott	
Decker	Johnson, D.E.	Mehrkens	Renneke	

Those who voted in the negative were:

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

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

Mr. Ramstad moved to amend H.F. No. 46, as amended by the Senate April 25, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 1588.)

Page 1, line 30, delete "17,360,000" and insert "19,141,250"

Page 2, line 6, delete "9,014,000" and insert "7,195,250"

Page 11, line 1, delete "17,360,000" and insert "19,141,250"

Page 11, line 10, after "tunnels" insert "and convert single-inmate cells to double-inmate cells" and delete "1,100,000" and insert "1,625,000"

Page 11, line 18, after "regulations" insert "and convert single-inmate cells to double-inmate cells" and delete "350,000" and insert "1,325,000"

Page 11, after line 24, insert:

"Subd. 8. Minnesota Correctional  
Facility — Oak Park Heights  
Convert single-inmate cells to  
double-inmate cells

281,250"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Bertram	Frederick	McGowan	Ramstad
Beckman	Brandl	Frederickson, D.R.	McQuaid	Renneke
Belanger	Brataas	Gustafson	Mehrkens	Storm
Benson	Dahl	Knaak	Olson	Taylor
Bernhagen	Decker	Larson	Pariseau	

Those who voted in the negative were:

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

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

Mrs. McQuaid moved to amend H.F. No. 46, as amended by the Senate April 25, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 1588.)

Page 14, line 37, delete "6,750,000" and insert "3,516,750"

Page 14, line 40, delete "16,485,000" and insert "19,718,250"

Page 15, line 2, delete "9,190,000" and insert "12,423,250"

Page 15, line 7, delete "\$3,193,000" and insert "\$6,426,250" and before the period, insert "for those communities identified in Minnesota Statutes, section 116.18, subdivision 3d"

Correct the section totals, the summary, and the bond sale authorization accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Laidig	Novak	Renneke
Benson	Frederick	Larson	Olson	Storm
Bernhagen	Johnson, D.E.	McGowan	Pariseau	
Brataas	Knaak	McQuaid	Peterson, R.W.	
Dahl	Knutson	Mehrkens	Ramstad	

Those who voted in the negative were:

Beckman	DeCramer	Langseth	Morse	Schmitz
Belanger	Dicklich	Lantry	Pehler	Solon
Berg	Diessner	Lessard	Peterson, D.C.	Spear
Berglin	Frederickson, D.J.	Luther	Piper	Stumpf
Bertram	Freeman	Marty	Pogemiller	Vickerman
Brandl	Hughes	Merriam	Purfeerst	Waldorf
Cohen	Johnson, D.J.	Metzen	Reichgott	
Davis	Kroening	Moe, R.D.	Samuelson	

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

Mr. Ramstad moved to amend H.F. No. 46, as amended by the Senate April 25, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 1588.)

Page 10, line 42, after the period, insert "The commissioner of corrections must provide full-time work assignments for all correctional inmates on projects funded in this section or other work assignments. The appropriations in this section are conditional upon the fulfillment of this requirement."

Ms. Berglin questioned whether the amendment was germane. The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	Mehrkens	Renneke
Beckman	Chmielewski	Knaak	Metzen	Storm
Belanger	Dahl	Knutson	Novak	Taylor
Benson	Decker	Laidig	Olson	Vickerman
Berg	Frederick	Larson	Pariseau	
Bernhagen	Frederickson, D.R.	McGowan	Purfeerst	
Bertram	Gustafson	McQuaid	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Morse	Schmitz
Berglin	Frederickson, D.J.	Lessard	Pehler	Solon
Brandl	Freeman	Luther	Peterson, D.C.	Spear
Cohen	Hughes	Marty	Piper	Stumpf
Davis	Johnson, D.J.	Merriam	Pogemiller	Waldorf
DeCramer	Kroening	Moe, D.M.	Reichgott	
Dicklich	Langseth	Moe, R.D.	Samuelson	

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

Mr. Knaak moved to amend H.F. No. 46, as amended by the Senate April 25, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 1588.)

Page 13, delete lines 38 to 47

Page 14, delete lines 1 to 14

Reletter the paragraphs in sequence

Correct the section total, the summary, and the bond sale authorization accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Knaak	McQuaid	Renneke
Benson	Dahl	Knutson	Mehrkens	Storm
Berg	Decker	Laidig	Olson	Taylor
Berglin	Frederick	Larson	Pariseau	Vickerman
Bernhagen	Gustafson	Marty	Purfeerst	
Bertram	Johnson, D.E.	McGowan	Ramstad	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	Moe, D.M.	Reichgott
Beckman	Dicklich	Langseth	Moe, R.D.	Samuelson
Belanger	Diessner	Lantry	Morse	Schmitz
Brandl	Frederickson, D.J.	Lessard	Novak	Solon
Chmielewski	Frederickson, D.R.	Luther	Peterson, D.C.	Spear
Cohen	Hughes	Merriam	Piper	Stumpf
Davis	Johnson, D.J.	Metzen	Pogemiller	Waldorf

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

H.F No. 46 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 48 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Hughes	Mehrkens	Samuelson
Beckman	Dahl	Johnson, D.E.	Merriam	Schmitz
Belanger	Decker	Johnson, D.J.	Metzen	Solon
Berg	DeCramer	Laidig	Moe, D.M.	Spear
Berglin	Dicklich	Langseth	Moe, R.D.	Stumpf
Bernhagen	Frederick	Lantry	Morse	Taylor
Bertram	Frederickson, D.J.	Larson	Pehler	Vickerman
Brandl	Frederickson, D.R.	Lessard	Piper	Waldorf
Brataas	Freeman	Luther	Purfeerst	
Chmielewski	Gustafson	Marty	Reichgott	

Those who voted in the negative were:

Adkins	Knaak	McQuaid	Peterson, D.C.	Storm
Benson	Knutson	Novak	Pogemiller	
Davis	Kroening	Olson	Ramstad	
Diessner	McGowan	Pariseau	Renneke	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Metzen moved that S.F No. 1488 be taken from the table. The motion prevailed.

S.F No. 1488: A bill for an act relating to education; authorizing a school district to issue bonds when a calamity occurs and establishing certain procedures for repayment of the bonds.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Merriam moved that S.F. No. 1588, No. 201 on General Orders, be stricken and laid on the table. The motion prevailed.

Mr. Merriam moved that S.F. No. 1511, No. 111 on General Orders, be stricken and laid on the table. 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. Mehrkens, Ramstad, Larson and Decker introduced—

S.F. No. 1598: A bill for an act relating to education; permitting teachers to remove pupils whose conduct would tend to impair the discipline of the classroom or harm other pupils; proposing coding for new law in Minnesota Statutes, chapter 125.

Referred to the Committee on Education.

Mr. Mehrkens introduced—

S.F. No. 1599: A bill for an act relating to taxation; providing for hearings to establish need for and reasonable cost of reassessments; amending Minnesota Statutes 1988, sections 270.16, subdivision 1; and 270.18.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Storm, Bernhagen and Marty introduced—

S.F. No. 1600: A bill for an act relating to energy; state buildings; establishing goals for energy conservation; amending Minnesota Statutes 1988, section 16B.32.

Referred to the Committee on Public Utilities and Energy.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:00 a.m., Thursday, April 27, 1989. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate