

FORTY-FOURTH DAY

St. Paul, Minnesota, Wednesday, May 3, 1989

The Senate met at 11:45 a.m. and was called to order by the President.

CALL OF THE SENATE

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

RECESS

Mr. Moe, R.D. moved that the Senate recess until immediately after the Joint Convention. The motion prevailed.

The Senate reconvened at the appointed time.

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.

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

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

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 1, 1989

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

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1989	Date Filed 1989
69		60	0828 hours May 1	May 1
936		61	0829 hours May 1	May 1
1241		62	0830 hours May 1	May 1
	695	63	0831 hours May 1	May 1
264		64	0827 hours May 1	May 1

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1734.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1989

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 1734: A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; extending valuation and deferment of agricultural property taxes in certain instances; authorizing the cities of Mankato and Hopkins to establish special service districts; authorizing establishment of an economic development authority in the city of Otsego and in Kandiyohi county; exempting Itasca county from a levy limit penalty; providing for payment of certain aid to the cities of Falcon Heights and Lauderdale; extending the duration of a tax increment financing district in the city of Moorhead; granting certain powers to towns;

appropriating money; amending Minnesota Statutes 1988, sections 38.27, subdivision 1; 60A.15, subdivision 1; 93.55, subdivision 4; 124A.03, subdivision 2; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.12, subdivision 2, and by adding a subdivision; 270.485; 270.80, subdivision 1; 272.01, subdivision 2; 272.02, subdivision 1, and by adding a subdivision; 273.01; 273.061, subdivisions 1 and 2; 273.11, by adding a subdivision; 273.111, subdivision 3; 273.112, subdivision 3, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 8, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.135, subdivisions 2 and 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1c; 275.28, subdivision 1; 275.50, subdivisions 2, 5, and by adding a subdivision; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, and 6; 275.58, subdivision 1; 276.04; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 7; 290.015, subdivisions 3 and 4; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.067, subdivision 2, and by adding a subdivision; 290.0802, subdivision 1; 290.091, subdivision 2; and by adding a subdivision; 290.17, by adding a subdivision; 290.21, subdivision 4; 290.37, subdivision 1; 290.38; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.01, subdivision 3; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297A.257, by adding a subdivision; 297B.03; 297C.03, subdivision 1; 297C.09; 349.12, subdivisions 11, 13, and by adding subdivisions; 349.15; 349.16, by adding a subdivision; 349.212, subdivision 4, and by adding a subdivision; 349.214, subdivision 4; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 444.075, subdivision 1; 444.16; 444.17; 444.18; 444.19; 444.20; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivision 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F08, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 15; and 477A.013, subdivisions 1, 3, and 4; Laws 1988, chapter 719, articles 1, section 22; 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 273; 275; 276; 297A; 365B; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; 38.28; 60A.151; 271.061; 275.065; 275.57; 275.58, subdivision 4; 276.13; 276.14; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, article 8, section 35; and Laws 1989, chapter 27, article 2, sections 2 and 3.

Mr. Moe, R.D. moved that H.F. No. 1734 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

H.F. No. 1423 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
				1423	1196

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1423 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1423 and insert the language after the enacting clause of S.F. No. 1196, the second engrossment; further, delete the title of H.F. No. 1423 and insert the title of S.F. No. 1196, the second engrossment.

And when so amended H.F. No. 1423 will be identical to S.F. No. 1196, and further recommends that H.F. No. 1423 be given its second reading and substituted for S.F. No. 1196, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 186 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
186	55				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 186 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 186 and insert the language after the enacting clause of S.F. No. 55, the first engrossment; further, delete the title of H.F. No. 186 and insert the title of S.F. No. 55, the first engrossment.

And when so amended H.F. No. 186 will be identical to S.F. No. 55, and further recommends that H.F. No. 186 be given its second reading and substituted for S.F. No. 55, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1221 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1221	1075				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 30 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
30	109				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 30 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 30 and insert the language after the enacting clause of S.F. No. 109, the second engrossment; further, delete the title of H.F. No. 30 and insert the title of S.F. No. 109, the second engrossment.

And when so amended H.F. No. 30 will be identical to S.F. No. 109, and further recommends that H.F. No. 30 be given its second reading and substituted for S.F. No. 109, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1560 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1560	1289				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 1121 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1121	1037				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1121 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1121 and insert the language after the enacting clause of S.F. No. 1037, the first engrossment; further, delete the title of H.F. No. 1121 and insert the title of S.F. No. 1037, the first engrossment.

And when so amended H.F. No. 1121 will be identical to S.F. No. 1037, and further recommends that H.F. No. 1121 be given its second reading and substituted for S.F. No. 1037, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 260 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
260	312				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 260 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 260 and insert the language after the enacting clause of S.F. No. 312, the second engrossment; further, delete the title of H.F. No. 260 and insert the title of S.F. No. 312, the second engrossment.

And when so amended H.F. No. 260 will be identical to S.F. No. 312, and further recommends that H.F. No. 260 be given its second reading and substituted for S.F. No. 312, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1432 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1432	1303				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 1425 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1425	1237				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1425 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1425 and insert the language after the enacting clause of S.F. No. 1237, the first engrossment; further, delete the title of H.F. No. 1425 and insert the title of S.F. No. 1237, the first engrossment.

And when so amended H.F. No. 1425 will be identical to S.F. No. 1237, and further recommends that H.F. No. 1425 be given its second reading and substituted for S.F. No. 1237, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1207 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1207	1195				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 1589 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1589	1494				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1589 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1589 and insert the language after the enacting clause of S.F. No. 1494, the first engrossment; further, delete the title of H.F. No. 1589 and insert the title of S.F. No. 1494, the first engrossment.

And when so amended H.F. No. 1589 will be identical to S.F. No. 1494, and further recommends that H.F. No. 1589 be given its second reading and substituted for S.F. No. 1494, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1387 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1387	796				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1387 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1387 and insert the language after the enacting clause of S.F. No. 796, the first engrossment; further, delete the title of H.F. No. 1387 and insert the title of S.F. No. 796, the first engrossment.

And when so amended H.F. No. 1387 will be identical to S.F. No. 796, and further recommends that H.F. No. 1387 be given its second reading and substituted for S.F. No. 796, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1697 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1697	1248				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1697 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1697 and insert the language after the enacting clause of S.F. No. 1248, the first engrossment; further, delete the title of H.F. No. 1697 and insert the title of S.F. No. 1248, the first engrossment.

And when so amended H.F. No. 1697 will be identical to S.F. No. 1248, and further recommends that H.F. No. 1697 be given its second reading and substituted for S.F. No. 1248, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 13 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
13	830				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 13 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 13 and insert the language after the enacting clause of S.F. No. 830, the first engrossment; further, delete the title of H.F. No. 13 and insert the title of S.F. No. 830, the first engrossment.

And when so amended H.F. No. 13 will be identical to S.F. No. 830, and further recommends that H.F. No. 13 be given its second reading and substituted for S.F. No. 830, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 162 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File

as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
162	94				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 162 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 162 and insert the language after the enacting clause of S.F. No. 94, the first engrossment; further, delete the title of H.F. No. 162 and insert the title of S.F. No. 94, the first engrossment.

And when so amended H.F. No. 162 will be identical to S.F. No. 94, and further recommends that H.F. No. 162 be given its second reading and substituted for S.F. No. 94, and that the Senate File be indefinitely postponed.

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1480: A bill for an act relating to education; modifying certain aids for school districts; modifying certain levies for school districts; providing revenue to assure pupil mastery of certain subjects; expanding health and developmental screening; modifying certain provisions concerning capital facilities; modifying regional management information centers; providing money for libraries, department of education, Faribault academies, center for arts education, and other state, regional, and school district functions; providing procedures and revenue for school districts to cooperate and combine; clarifying and adding duties relating to state determined goals for pupils; appropriating money; amending Minnesota Statutes 1988, sections 120.17, subdivisions 3, 3b, and 11a; 121.11, subdivisions 7, 14, and by adding a subdivision; 121.612; 121.88, subdivisions 8, 9, and 10; 121.882, subdivision 4; 121.904, subdivision 4a, and by adding a subdivision; 121.912, subdivision 1, and by adding a subdivision; 121.931, subdivisions 3, 4, and 7; 121.934, subdivision 2; 121.935, subdivisions 5 and 6; 121.936, subdivisions 1, 4a, and by adding a subdivision; 122.41; 122.43, subdivision 1; 122.541; 122.91, subdivision 3; 123.36, subdivisions 1 and 13; 123.39, by adding a subdivision; 123.58, subdivision 4; 124.155, subdivisions 1 and 2; 124.19, by adding a subdivision; 124.195, subdivision 8; 124.2131, subdivision 1; 124.217, subdivision 1; 124.223; 124.225, subdivisions 1 and 7b; 124.243, subdivisions 2 and 3; 124.244, subdivisions 1 and 2; 124.245, subdivision 3b; 124.252, subdivision 3; 124.26, subdivisions 1c, 7, and by adding a subdivision; 124.271, subdivision 4; 124.2721, subdivisions 2, 3, and by adding a subdivision; 124.273, subdivisions 4 and 5; 124.32, subdivision 1b; 124.38, subdivision 7; 124.43, subdivision 1; 124.494, subdivision 2; 124.574, subdivisions 2b and 5; 124.575, subdivisions 2, 3, and by adding a subdivision; 124.82, subdivision 3; 124.83, subdivisions 3, 4, and 6; 124A.03, subdivision 2; 124A.22, subdivisions 2, 5, 9, and by adding a subdivision; 124A.23, subdivision 1; 124A.26, subdivision 1; 124A.28, subdivision 1; 125.12, subdivision 8; 125.17, subdivision 4; 126.151, subdivision 2; 126.22, subdivision 3; 126.23; 126.56, subdivision 4, and by adding a subdivision;

126.661, by adding a subdivision; 126.663, subdivisions 2 and 3; 126.666, subdivision 4; 126.67, subdivision 5; 129.121, by adding a subdivision; 129B.41; 129B.42; 129B.44; 129B.45; 129B.46; 129C.10; 134.31, by adding a subdivision; 134.33, subdivision 1; 134.34, subdivisions 1 and 2; 136D.22, subdivision 1; 136D.27, subdivision 1; 136D.72, subdivision 1; 136D.74, subdivision 2; 136D.82, subdivision 1; 136D.87, subdivision 1; 141.25, subdivision 8; 141.26, subdivision 5; 171.29, subdivision 2; 273.1102, subdivision 3; 273.1398, subdivision 6; 275.011, subdivision 1; 275.125, subdivisions 5, 5c, 6e, 6h, 6i, 8b, 8e, 9, 9a, 9b, 9c, 11d, and 14a; 275.14; 297A.25, subdivision 11; 422A.101, subdivision 2; 465.71; Laws 1959, chapter 462, section 3, subdivision 10, as amended; Laws 1965, chapter 705, as amended; Laws 1976, chapter 20, section 4; Laws 1984, chapter 463, article 6, section 15, subdivision 1, as amended; Laws 1988, chapters 718, article 7, section 61, subdivisions 1, 6, and 7; and 719, article 5, section 84; proposing coding for new law in Minnesota Statutes, chapters 121; 122; 123; 124; 129B; repealing Minnesota Statutes 1988, sections 120.05, subdivision 1; 120.13; 120.15; 120.16; 120.77; 121.09; 121.11; 121.12; 121.151; 121.19; 121.35, subdivision 5; 121.49, subdivision 1; 121.496, subdivision 1; 121.83; 121.84; 121.843; 121.844; 121.845; 121.85; 121.86; 121.882, subdivisions 6 and 10; 121.902, subdivision 2; 121.9121, subdivision 6; 121.914, subdivisions 9 and 10; 122.86; 122.87; 122.88; 122.96; 123.3511; 123.3512; 123.581, subdivisions 1 and 6; 123.60; 123.601; 123.68; 123.701; 123.702; 123.703; 123.704; 123.705; 124.12, subdivision 1; 124.2138, subdivisions 3 and 4; 124.243, subdivision 4; 124.271, subdivisions 2b, 3, 4, and 7; 124.496; 124.573, subdivision 2; 124A.27, subdivision 7; 125.02; 125.231; 125.241, subdivision 3; 125.60, subdivision 7; 126.02; 126.025; 126.03; 126.05; 126.07; 126.10; 126.11; 126.39, subdivision 11; 126.52, subdivision 11; 126.70, subdivision 3; 126.80; 126.81; 127.08; 129B.48; 129B.71; 129B.72; 129B.73; 275.125, subdivision 8; and 275.128; and Laws 1988, chapter 718, article 5, section 4.

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

Page 4, line 8, before the period, insert "*, provided that no referendum may be held during any regular session of the legislature*"

Page 5, line 15, before the period, insert "*, except that if that period would expire during a regular session of the legislature, it shall be held no earlier than the date set for adjournment in the Minnesota Constitution during an odd-year session or 90 days after the first day of session in an even-year session*"

Page 5, after line 15, insert:

"(d) The total amount that may be levied under this subdivision may not exceed the greater of:

(1) 15 percent of the formula allowance times the number of actual pupil units for the year to which the proceeds of the levy is attributable; or

(2) the amount authorized by the voters at an election conducted before June 1, 1989.

A district that is subject to clause (2), upon expiration of the authorization granted before June 1, 1989, may submit to the voters for approval a levy increase up to the amount authorized by the voters at an election conducted before June 1, 1989. If the voters do not approve the levy

increase, the district is subject to clause (1).

If the levy authority granted to a district before June 1, 1989, is exclusively for a tax capacity rate and not a dollar amount, the amount, for the purposes of this paragraph, means the tax capacity rate."

Reletter the paragraphs in sequence

Page 57, line 18, delete "Minnesota Statutes" and delete "124.271" and insert "8"

Page 57, line 25, delete "Minnesota Statutes" and delete "124.271" and insert "6"

Page 58, line 6, before the colon, insert "according to section 12"

Page 67, after line 12, insert:

"Sec. 14. [CAPITAL LOANS.]

Subdivision 1. [FOLEY SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$4,853,000 to independent school district No. 51, Foley, is approved.

Subd. 2. [OGILVIE SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$11,341,048 to independent school district No. 333, Ogilvie, is approved."

Page 67, line 17, delete "2, 3, 4, 5, and 8" and insert "3, 4, 5, 6, and 9"

Page 70, after line 24, insert:

"Subd. 8. [MAXIMUM EFFORT SCHOOL LOAN FUND.] For the maximum effort school loan fund:

\$855,500 1990,

\$1,999,700 1991.

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in Minnesota Statutes, section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to Minnesota Statutes, section 124.46, subdivision 3. Notwithstanding the provisions of Minnesota Statutes, section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

The 1990 appropriation does not cancel and is available until July 1, 1991."

Page 70, line 29, delete "Section 7 is" and insert "Sections 7 and 14, subdivision 1, are"

Reorder the sections of article 5 in sequence

Page 87, after line 25, insert:

"Sec. 18. Minnesota Statutes 1988, section 122.23, is amended by adding a subdivision to read:

Subd. 13a. [EXCEPTION TO CONSOLIDATION TIMELINES.] Notwithstanding subdivision 13, the consolidation of school districts may take effect July 1 of an even-numbered year if all of the school boards and all of the exclusive representatives of the teachers agree to the effective date. The agreement must be in writing and submitted to the commissioner of education."

Page 92, after line 27, insert:

"Sec. 29. Minnesota Statutes 1988, section 129B.11, subdivision 1, is amended to read:

Subdivision 1. [PLANS; GRANT AWARDS.] The state board of education shall make grants to groups of school districts to implement plans to improve education. The board shall consult with the state curriculum advisory committee and other appropriate groups. The board may award grants to groups of districts which submit plans that include at least the following:

- (1) program and curriculum changes which provide more learning opportunities for students;
- (2) demonstration of a local commitment to the plan and, ~~in the case of plans utilizing technology,~~ local financial support including public and private partnerships;
- (3) involvement of school district teaching staff in development of the plan;
- (4) demonstration that the plan is consistent with school district goals established under section 126.666; and
- (5) the structural criteria established in subdivision 2.

The board may establish additional criteria and shall establish time lines and the grant application procedure for making grants.

Sec. 30. Minnesota Statutes 1988, section 129B.11, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] To be eligible for a grant, a group of districts must meet one of the following criteria:

- (1) create a consolidated district according to section 122.23, with the consolidated school district having at least 600 pupils in average daily membership;
- (2) establish an education district according to section 122.91;
- (3) form a group of districts that has an agreement under section 122.535 or 122.541 for discontinuing grades when the districts entering into the agreement have a total of at least 240 pupils in average daily membership in grades 10, 11, and 12; or
- (4) enter into a joint powers agreement for a technology cooperative. The school districts in the cooperative must be contiguous and either of the following:
 - (i) there is a significant distance between buildings in the district so that other forms of cooperation are not practical, or
 - (ii) the districts have a combined area of at least 500 square miles.

The grant proceeds may be used to retire operating debt if the plan meets the criteria of subdivision 1."

Page 94, after line 5, insert:

"Sec. 33. Minnesota Statutes 1988, section 275.125, is amended by adding a subdivision to read:

Subd. 11e. [EXTRA CAPITAL EXPENDITURE LEVY FOR COOPERATING DISTRICTS.] A district that has an agreement according to section 122.535 or 122.541 may levy for the repair costs, as approved by the department of education, of a building located in another district that is a party to the agreement."

Renumber the sections of article 6 in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon, insert "122.23, by adding a subdivision;"

Page 2, line 3, after the first semicolon, insert "129B.11, subdivisions 1 and 2;"

Page 2, line 13, delete "and" and after "14a" insert ", and by adding a subdivision"

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

REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on the Knaak amendment to S.F. No. 1480.

There were yeas 7 and nays 15, as follows:

Those who voted in the affirmative were:

Messrs. Anderson, Belanger, Benson, Bernhagen, Knaak, Laidig and Larson.

Those who voted in the negative were:

Messrs. Bertram; Brandl; Chmielewski; Cohen; Davis; Diessner; Gustafson; Johnson, D.J.; Pehler; Ms. Peterson, D.C.; Messrs. Peterson, R.W.; Pogemiller; Ms. Reichgott, Messrs. Schmitz and Stumpf.

The amendment was not adopted.

REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on S.F. No. 1480.

There were yeas 14 and nays 9, as follows:

Those who voted in the affirmative were:

Messrs. Bertram; Brandl; Chmielewski; Cohen; Davis; Diessner; Johnson, D.J.; Pehler; Ms. Peterson, D.C.; Messrs. Peterson, R.W.; Pogemiller; Ms. Reichgott, Messrs. Schmitz and Stumpf.

Those who voted in the negative were:

Messrs. Anderson, Belanger, Benson, Bernhagen, Gustafson, Knaak, Laidig, Larson and Novak.

The bill was recommended to pass.

SECOND READING OF SENATE BILLS

S.F. No. 1618 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1423, 186, 1221, 30, 1560, 1121, 260, 1432, 1425, 1207, 1589, 1387, 1697, 13 and 162 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Bertram introduced—

Senate Resolution No. 118: A Senate resolution commending the servicemen who died in the USS Iowa tragedy and the heroism of the servicemen who risked their lives to save their fellow crewmen and their ship.

Referred to the Committee on Rules and Administration.

Mr. Waldorf introduced—

Senate Resolution No. 119: A Senate resolution commending the Latin Liturgy Association for its support of cultural rights.

Referred to the Committee on Rules and Administration.

Mr. Bertram introduced—

Senate Resolution No. 120: A Senate resolution commending the efforts of Sue Wocken, coordinator of the May 13 Bike-A-Thon in Cold Spring for the St. Jude Children's Research Hospital "Wheels for Life" Bike-A-Thon.

Referred to the Committee on Rules and Administration.

Mr. Bertram introduced—

Senate Resolution No. 121: A Senate resolution congratulating Columbia Gear on its successful operation since 1981.

Referred to the Committee on Rules and Administration.

SUSPENSION OF RULES

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

CALENDAR

H.F. No. 1423: A bill for an act relating to nursing home admission agreements; prohibiting use of blanket waivers of liability by continuing care facilities and nursing homes; requiring nursing home admission agreements to be available to the public and clarifying that such agreements are consumer contracts; prohibiting nursing homes from requiring third party guarantors; requiring nursing homes to identify their status as medical

assistance providers; prohibiting use of blanket consents for treatment; requiring written acknowledgment that residents have received a copy of the patients' bill of rights; providing penalties; amending Minnesota Statutes 1988, section 80D.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 144 and 256B.

Mrs. Lantry moved that H.F. No. 1423 be stricken from the Calendar and placed at the top of General Orders. The motion prevailed.

H.F. No. 242: A bill for an act relating to transportation; providing for strength, width, clearance, and safety standards for bridges; amending Minnesota Statutes 1988, section 165.03, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 468: A bill for an act relating to human services; clarifying methods of determining the cost of care rendered at state facilities; allowing the commissioner of human services to charge on a fee for service basis; clarifying responsibility for collection of the cost of care at state-operated, community-based programs for persons with mental retardation or related conditions; amending Minnesota Statutes 1988, sections 246.50, subdivisions 3, 4, and 5; 246.51, by adding a subdivision; and 246.54; repealing Minnesota Statutes 1988, section 246.50, subdivisions 3a, 4a, and 9.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 647: A bill for an act relating to crimes; prohibiting the intentional distribution of destructive computer programs; imposing penalties; amending Minnesota Statutes 1988, sections 609.87, by adding a subdivision; and 609.88, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1069: A bill for an act relating to real property; providing that purchaser's right to cancel applies to condominiums created before August 1, 1980; providing that lien on real estate added in expansion of flexible condominiums does not affect existing condominiums; amending Minnesota Statutes 1988, sections 515A.1-102; and 515A.2-111.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 101: A bill for an act relating to education; requiring the student member of the board of regents to be a student at the time of election; amending Minnesota Statutes 1988, section 137.023.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Peterson, R.W. and Spear voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 770: A bill for an act relating to state lands; directing conveyance of a certain tract in Beltrami county.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1267: A bill for an act relating to Anoka county; permitting the appointment of the auditor, recorder, and treasurer; authorizing the reorganization of county offices.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 808: A bill for an act relating to credit unions; authorizing the elimination or limitation of a director's liability in certain circumstances; amending Minnesota Statutes 1988, section 52.09, by adding a subdivision.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1027: A bill for an act relating to state employees; authorizing the donation of accrued vacation time by state employees in 1989 to pay unreimbursed medical costs incurred by other state employees.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 661: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in Aitkin county.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1271: A resolution memorializing the President and Congress to address problems in the solid waste stream caused by the amount and types of materials used to package consumer products.

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

The question was taken on the passage of the resolution.

The roll was called, and there were yeas 61 and nays 4, as follows:

Those who voted in the affirmative were:

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

Messrs. Berg, Brandl, Kroening and Waldorf voted in the negative.

So the resolution passed and its title was agreed to.

H.F. No. 655: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public waters in Anoka county.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1104: A bill for an act relating to county personnel boards and other state and local government bodies; increasing the size of the Ramsey county personnel board; permitting the director to issue subpoenas; providing for court enforcement of state and local government entity subpoena powers; amending Minnesota Statutes 1988, sections 383A.287, subdivision 2; 383A.294, by adding a subdivision; 383B.36, subdivision 2; and 383C.048; proposing coding for new law as Minnesota Statutes, chapter 594.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 930: A bill for an act relating to wild animals; removing authority to offer a bounty on rattlesnakes; amending Minnesota Statutes 1988, sections 348.12 and 348.13.

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 47 and nays 19, as follows:

Those who voted in the affirmative were:

Belanger	DeCramer	Knutson	Mehrkens	Purfeerst
Berglin	Diessner	Kroening	Merriam	Ramstad
Bernhagen	Frank	Laidig	Metzen	Solon
Bertram	Frederickson, D.J.	Langseth	Moe, R.D.	Spear
Brataas	Frederickson, D.R.	Lantry	Morse	Stumpf
Chmielewski	Freeman	Lessard	Pariseau	Taylor
Cohen	Gustafson	Luther	Peterson, D.C.	Waldorf
Dahl	Hughes	Marty	Peterson, R.W.	
Davis	Johnson, D.E.	McGowan	Piper	
Decker	Knaak	McQuaid	Pogemiller	

Those who voted in the negative were:

Adkins	Berg	Johnson, D.J.	Olson	Schmitz
Anderson	Brandl	Larson	Pehler	Storm
Beckman	Dicklich	Moe, D.M.	Reichgott	Vickerman
Benson	Frederick	Novak	Renneke	

So the bill passed and its title was agreed to.

H.F. No. 1389: A bill for an act relating to Goodhue county; permitting the county to establish certain payment procedures.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1151: A bill for an act relating to probate; changing procedure for notice to certain creditors; changing certain time limits; amending Minnesota Statutes 1988, sections 524.3-801; 524.3-802; 524.3-803; and 524.3-807.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1339: A bill for an act relating to agricultural societies; permitting certain officials to serve on societies; limiting the tort liability of certain board members; amending Minnesota Statutes 1988, sections 38.013; and 38.04.

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 65 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Frank and Frederick voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 1506: A bill for an act relating to commerce; regulating certain rentals of real property, membership camping practices, and subdivided land sales; amending Minnesota Statutes 1988, sections 82A.02, by adding a subdivision; 82A.04, subdivision 2; 82A.13, subdivision 2; 83.20, by adding a subdivision; and 83.30, subdivision 1.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1323: A bill for an act relating to financial institutions; amending Minnesota Statutes 1988, sections 46.041, subdivision 2; 47.015, subdivision 1; 47.101, subdivision 2; 47.16, subdivision 1; 47.54, subdivision 1; 48.475, subdivision 3; 48.48, subdivision 1; 49.24, subdivision 9; 49.33; 49.34, subdivision 1; 49.35; 49.36, subdivision 1; 49.37; 49.38; 49.39; 49.40; 49.41; 53.015; 53.02; 53.03, subdivisions 1 and 5; 53.05; 53.06; 53.08; 53.09, subdivision 3; 54.294, subdivision 1; 56.131, subdivision 1; and 56.155, subdivision 2.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 997: A bill for an act relating to the environment; authorizing the pollution control agency to assist persons in reviewing real property for petroleum tank releases and to be paid for such assistance; authorizing expenditures from the petroleum tank release compensation fund; changing the terms for reimbursement of petroleum tank release costs by the petroleum tank release compensation board; requiring notification by owners of aboveground tanks; amending Minnesota Statutes 1988, sections 115C.03, by adding a subdivision; 115C.08, subdivision 4; 115C.09; and 116.48.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 929: A bill for an act relating to natural resources; establishing the Minnesota conservation corps; prescribing powers and duties of the commissioner of natural resources; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 1988, section 86.33, subdivisions 2 and 3.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 719: A bill for an act relating to economic development; authorizing certain local jurisdictions to contribute to local or regional economic development organizations; proposing coding for new law in Minnesota Statutes, chapter 469.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1131: A bill for an act relating to Olmsted county; authorizing certain appropriations for economic and agricultural development.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1332: A bill for an act relating to agriculture; increasing the value for destroyed livestock; amending Minnesota Statutes 1988, section 3.737, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mrs. Brataas voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1074: A bill for an act relating to elections; making various changes in laws applicable to school district elections; amending Minnesota Statutes 1988, sections 201.071, subdivision 3; 203B.08, subdivision 3; 204B.08, subdivision 3; 204B.14, subdivision 5; 204B.17; 204B.44; 204C.22, subdivisions 9, 10, 15, and by adding a subdivision; 204D.04, subdivision 2; 205A.05, subdivision 1; 205A.07, by adding a subdivision; 205A.09, subdivision 2; 205A.10, subdivisions 2 and 3; 205A.11; 209.02, subdivision 1; 209.021, subdivision 1; 209.03; 209.09, subdivision 1; and 211A.01, subdivision 6.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 698: A bill for an act relating to motor vehicles; defining physically handicapped person for purposes of obtaining special license plates; amending Minnesota Statutes 1988, section 169.345, subdivision 2.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1540: A bill for an act relating to local government; regulating storm sewer improvements in Plymouth and Golden Valley; amending Laws 1979, chapter 303, article 10, section 15.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1405: A bill for an act relating to liquor; requiring notice and hearing before liquor license fees are increased; amending Minnesota Statutes 1988, section 340A.408, by adding a subdivision.

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 65 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 253: A bill for an act relating to education; authorizing the use of community education funds to acquire equipment to be used exclusively in community education programs; amending Minnesota Statutes 1988, section 124.271, subdivision 4.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1174: A bill for an act relating to public lands; conditions for acceptance of transfers from the federal government; proposing coding for new law in Minnesota Statutes, chapter 84.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 3, as follows:

Those who voted in the affirmative were:

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

Messrs. Berg, Merriam and Peterson, R.W. voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 956: A bill for an act relating to waste management; requiring a county that enters a contract with the state for the siting and development of a stabilization and containment facility to hold a binding referendum on implementation of the contract; amending Minnesota Statutes 1988, section 115A.191, by adding a subdivision.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 339: A bill for an act relating to health; including anabolic steroids in the list of controlled substances; amending Minnesota Statutes 1988, section 152.02, subdivision 5.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1020: A bill for an act relating to education; authorizing and establishing procedures for the sale of all or part of the Minnesota Educational Computing Corporation; amending Minnesota Statutes 1988, sections 119.04, subdivision 2, and by adding subdivisions; 119.06, subdivision 3; and 119.09.

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 60 and nays 7, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Frank	McGowan	Olson	Pariseau	Ramstad
Knaak	Novak			

So the bill passed and its title was agreed to.

S.F. No. 1417: A bill for an act relating to state lands; authorizing the sale of certain state lands bordering on public waters; authorizing the exchange of certain land in Benton county; authorizing the sale of certain trust fund land in Itasca, St. Louis, and Cook counties; authorizing the sale of certain surplus land for recreational purposes in the cities of Faribault, Warroad, and Ortonville, and Anoka county; authorizing the sale of a certain gifted city lot in the city of Brainerd; authorizing the private sale of certain land in Goodhue and Otter Tail counties to resolve an inadvertent trespass; authorizing conveyance of interest in certain land in Goodhue county to correct a survey error; authorizing transfer of certain land in Carlton county from the department of transportation to the department of natural resources.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1352: A bill for an act relating to intoxicating liquor; authorizing the city of Blaine to issue one additional on-sale license.

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 66 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knutson	Moe, D.M.	Renneke
Anderson	DeCramer	Kroening	Moe, R.D.	Samuelson
Beckman	Dicklich	Laidig	Morse	Schmitz
Belanger	Diessner	Langseth	Novak	Solon
Benson	Frank	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	
Cohen	Johnson, D.E.	Mehrkins	Purfeerst	
Dahl	Johnson, D.J.	Merriam	Ramstad	
Davis	Knaak	Metzen	Reichgott	

Mr. Chmielewski voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 1048: A bill for an act relating to vocational rehabilitation; requiring that 51 percent of the members of the board of directors of centers for independent living are persons with disabilities; changing the membership of the Minnesota council for the blind; amending Minnesota Statutes 1988, sections 129A.01, subdivision 9; and 248.10, subdivision 1.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1416: A bill for an act relating to state lands; authorizing private conveyance of certain tax-forfeited land in Benton county.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 169: A bill for an act relating to game and fish; authorizing elderly residents to take fish by spearing without a license; amending Minnesota Statutes 1988, section 97A.451, by adding a subdivision.

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 30 and nays 37, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Metzen	Pogemiller
Anderson	Decker	Knaak	Moe, R.D.	Samuelson
Beckman	DeCramer	Knutson	Morse	Schmitz
Berglin	Dicklich	Laidig	Novak	Solon
Bertram	Frederickson, D.J.	Lessard	Peterson, D.C.	Stumpf
Cohen	Gustafson	McQuaid	Piper	Vickerman

Those who voted in the negative were:

Belanger	Diessner	Langseth	Moe, D.M.	Renneke
Benson	Frank	Lantry	Olson	Spear
Berg	Frederick	Larson	Pariseau	Storm
Bernhagen	Frederickson, D.R.	Luther	Pehler	Taylor
Brandl	Freeman	Marty	Peterson, R.W.	Waldorf
Brataas	Hughes	McGowan	Purfeerst	
Chmielewski	Johnson, D.E.	Mehrkins	Ramstad	
Dahl	Kroening	Merriam	Reichgott	

So the bill failed to pass.

H.F. No. 1459: A bill for an act relating to handicapped persons; permitting training of guide dogs in public accommodations; amending Minnesota Statutes 1988, section 256C.02.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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

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 60 and nays 6, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Belanger	Brataas	Frederick	Knutson	Renneke
Benson				

So the bill passed and its title was agreed to.

H.F. No. 765: A bill for an act relating to the Western Lake Superior Sanitary District; authorizing the district to issue refunding obligations without redemption of outstanding obligations prior to maturity; amending Laws 1971, chapter 478, section 9a, subdivision 4, as added; and section 13, subdivision 4.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1357: A bill for an act relating to taxation; liquor; changing the time limit for certain claims for refund; amending Minnesota Statutes 1988, section 297C.06, subdivisions 2 and 5.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 243: A bill for an act relating to the department of revenue; recodifying information and disclosure provisions to increase uniformity of treatment and comply with the data privacy act; amending Minnesota Statutes 1988, sections 60A.17, subdivision 20; 82.27, subdivision 7; 147.091, subdivision 7; 148.10, subdivision 5; 148B.06, subdivision 3; 150A.08, subdivision 9; 171.31; 176.186; 176.231, subdivision 9; 256.978; 270.052; 270.064; 270.66, subdivision 3; 270.72, subdivision 4; 270.73, subdivision 1; 270A.11; 290.081; 290.174; 290.371, subdivision 5; 290.50, subdivision 6; 290.523, subdivision 1; 290.91; 290.92, subdivisions 5a, 17, and 26; 290A.112, subdivision 1; 297A.07; 326.20, subdivision 4; and 469.173, subdivision 5; proposing coding for new law as Minnesota Statutes, chapter 270B; repealing Minnesota Statutes 1988, sections 13.70; 290.05, subdivision 7; 290.61; 290A.17; 291.48; and 297A.43.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 1418: A bill for an act relating to metropolitan government; requiring the metropolitan council to prepare water use and supply plans; proposing coding for new law in Minnesota Statutes, chapter 473.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 1498: A bill for an act relating to telecommunications devices for communication-impaired people; requiring the metropolitan airports commission and certain bus stations to provide telecommunications devices for communication-impaired people; amending Minnesota Statutes 1988, section 473.608, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256C.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pehler moved that S.F. No. 695 be taken from the table. The motion prevailed.

S.F. No. 695: A bill for an act relating to education; requiring school boards to report certain teacher discharges and resignations to the board of teaching; providing for immunity from liability; amending Minnesota Statutes 1988, section 125.09, by adding subdivisions.

CONCURRENCE AND REPASSAGE

Mr. Pehler moved that the Senate concur in the amendments by the House to S.F. No. 695 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 695 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 353: A bill for an act relating to commerce; regulating currency exchanges; requiring currency exchanges to be licensed by the commissioner of commerce; requiring charges to be reasonable; proposing coding for new law as Minnesota Statutes, chapter 53A.

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

Page 1, line 21, after the period, insert "*A person may operate currency exchanges at more than one location with one license.*"

Page 2, line 23, after the period, insert "*Fees must be deposited in the state treasury and credited to the general fund.*"

Page 5, after line 33, insert:

"Sec. 15. [APPROPRIATION.]

\$164,000 is appropriated from the general fund to the commissioner of commerce to license currency exchanges as provided in this act.

\$90,000 is for fiscal year 1990 and \$74,000 is for fiscal year 1991."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "appropriating money;"

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

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 775: A bill for an act relating to workers' compensation; requiring a report on recodification and simplification of the workers' compensation law; appropriating money.

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

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 957: A bill for an act relating to economic development; transferring programs under the Minnesota agricultural and economic development board to the department of trade and economic development; changing the governing structure of the certified development company; transferring program responsibilities for the allocation of bonding authority to the department of finance; eliminating certain reporting requirements; amending Minnesota Statutes 1988, sections 41A.01; 41A.02, subdivisions 7a, 15, 16, and by adding subdivisions; 41A.021; 41A.022; 41A.023; 41A.03, subdivision 3; 41A.035; 41A.036, subdivisions 1, 4, 5, and 6; 41A.04; 41A.05, subdivisions 1, 2, 3, and 4; 41A.051; 41A.06, subdivisions 2, 4, and 5; 41A.07; 41A.08; 469.175, subdivision 2; and 474A.02, subdivision 5a; proposing coding for new law in Minnesota Statutes, chapter 116J;

repealing Minnesota Statutes 1988, sections 41A.02, subdivision 3; 41A.065; and 469.012, subdivision 5.

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

Page 22, lines 2 and 3, reinstate the stricken language

Page 22, line 4, reinstate the stricken "the plan with the commissioner of"

Page 22, line 5, after the stricken "development" insert "*revenue*" and reinstate the stricken ". The authority must also file with the commissioner"

Page 22, line 6, reinstate the stricken language

Page 22, after line 6. insert:

"Sec. 29. Minnesota Statutes 1988, section 469.175, subdivision 5, is amended to read:

Subd. 5. [ANNUAL DISCLOSURE.] For all tax increment financing districts, whether created prior or subsequent to August 1, 1979, on or before July 1 of each year, the authority shall submit to the county board, the school board, the commissioner of ~~trade and economic development~~ *revenue* and, if the authority is other than the municipality, the governing body of the municipality, a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original gross tax capacity of the district, the captured gross tax capacity retained by the authority, the captured gross tax capacity shared with other taxing districts, the tax increment received, and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original gross tax capacity, captured gross tax capacity, amount of outstanding bonded indebtedness, and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "transferring tax increment financing reporting requirements;"

Page 1, line 16, delete "subdivision 2" and insert "subdivisions 2 and 5"

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

Mr. Merriam from the Committee on Finance, to which was referred

S.F. No. 481: A bill for an act relating to state government; financing the beginning farmer loan program; regulating certain administrative duties of the commissioner of finance; permitting certain financial arrangements; amending Minnesota Statutes 1988, sections 16A.065; 16A.27, subdivision 5; 16A.58; 16A.631; 16A.641, subdivision 7; 16A.661, subdivision 7;

16A.85; 41B.19, subdivision 5; 41B.195; 115A.58, subdivisions 1, 3, 4, and 5; 115A.59; 116.16, subdivisions 1, 2, 3, 4, 5, and 9; 116.17, subdivisions 1, 3, and 5; 116.18, subdivisions 1, 4, 5, and 6; 124.42, subdivision 3; 136C.44; 216C.37, subdivision 6; 246.50, subdivision 5; 246.64, subdivision 1; 297.13, subdivision 1; 297.32, subdivision 9; and Laws 1987, chapter 396, article 12, section 10; repealing Minnesota Statutes 1988, sections 84B.08; 85A.04, subdivision 2; 115A.57; 136C.42; 136C.43, subdivisions 1, 2, and 3.

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

Page 3, line 6, delete "funds" and insert "fund"

Pages 3 to 5, delete section 7 and insert:

"Sec. 7. Minnesota Statutes 1988, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, and commissions *of the kinds identified in this subdivision* that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease ~~and to~~. *The master lease may be used only to finance the following kinds of purchases:*

(a) *The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.*

(b) *The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.*

(c) *The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.*

(d) *The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.*

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to ~~a~~ a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16B. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to ~~pay principal and interest coming due on the certificates of participation~~ make master lease payments.

Sec. 8. Minnesota Statutes 1988, section 16A.85, subdivision 3, is amended to read:

Subd. 3. [MASTER LEASES NOT DEBT.] The commissioner of finance may not enter into a master lease unless the commissioner of finance *has conducted a demand survey of the amount of projected rentals and determines that money has been appropriated and allotted for the payment of*

the maximum amount of rentals that are *projected to be* payable from state money and that are *projected to be* due or to become due during the appropriation period in which the lease contract is entered into. A master lease does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for the payment of rent coming due under the lease, and the state has no continuing obligation to appropriate money for the payment of rent or other obligations under the lease. Rent due under a master lease during a current lease term for which money has been appropriated is a current expense of the state."

Page 18, line 1, delete "*principle*" and insert "*principal*"

Pages 20 to 22, delete sections 33 and 34

Pages 22 and 23, delete section 38 and insert:

"Sec. 35. [EFFECTIVE DATE.]

This act is effective July 1, 1989, except that section 34 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after "16A.85" insert ", subdivisions 1 and 3"

Page 1, line 14, delete everything after the first semicolon

Page 1, line 15, delete "subdivision 9;"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 353, 775, 957 and 481 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Mr. Merriam moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 1618 and that the rules of the Senate be so far suspended as to give S.F. No. 1618, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 1618: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; requiring studies and reports; fixing and limiting fees; amending Minnesota Statutes 1988, sections 12.14; 41A.09; 43A.08, subdivision 1; 237.30; 341.10; and 473.386, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 299C.

Mr. Frederick moved to amend S.F. No. 1618 as follows:

Page 30, after line 14, insert:

"Sec. 36. Minnesota Statutes 1988, section 473.384, subdivision 7, is

amended to read:

Subd. 7. [MTC IMPACT ASSESSMENT.] Prior to entering into a contract for operating assistance with a recipient other than the transit commission the board shall evaluate the effect, if any, of the contract on the ridership, routes, schedules, fares, and staffing levels of the existing and proposed service provided by the commission. A copy of the assessment must be provided to the commission. The board may enter into the contract only if it determines that the service to be assisted under the contract will not impose an undue hardship on the ridership or financial condition of the commission, ~~or cause the dismissal of persons that are employed by the commission.~~

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 9, after "341.10;" insert "473.384, subdivision 7;"

The motion prevailed. So the amendment was adopted.

Mr. Laidig moved to amend S.F. No. 1618 as follows:

Page 11, delete line 14 and insert:

"Appropriation	95,015,000	91,383,000"
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Page 11, delete lines 16 and 17 and insert:

"Approved Complement -	1,733.5	1,742.5
General -	398.2	401.2"

Page 11, after line 33, insert:

"The above approved complement includes four additional narcotics investigators in the bureau of criminal apprehension."

Page 11, delete line 35 and insert:

"General	\$ 26,756,000	\$ 23,494,000"
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Page 12, delete line 34 and insert:

"\$ 16,076,000	\$ 13,083,000"
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Page 12, delete line 36 and insert:

"General	\$ 14,627,000	\$ 11,634,000"
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Page 13, after line 24, insert:

"\$481,000 the first year and \$339,000 the second year are for eight new narcotics investigator positions. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium."

Correct the subdivision and section totals and the summaries by fund accordingly

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on S.F. No. 1618. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 34, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Gustafson	Lessard	Ramstad
Anderson	Decker	Johnson, D.E.	McGowan	Renneke
Beckman	Diessner	Knaak	McQuaid	Storm
Belanger	Frank	Knutson	Mehrkens	Vickerman
Benson	Frederickson, D.J.	Laidig	Olson	
Bernhagen	Frederickson, D.R.	Larson	Pariseau	

Those who voted in the negative were:

Berg	DeCramer	Lantry	Morse	Samuelson
Berglin	Dicklich	Luther	Pehler	Schmitz
Brandl	Freeman	Marty	Peterson, D.C.	Solon
Chmielewski	Hughes	Merriam	Peterson, R.W.	Spear
Cohen	Johnson, D.J.	Metzen	Piper	Stumpf
Dahl	Kroening	Moe, D.M.	Pogemiller	Waldorf
Davis	Langseth	Moe, R.D.	Reichgott	

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

S.F. No. 1618 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 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of today's proceedings. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Johnson, D.J. moved that H.F. No. 1734 be taken from the table. The motion prevailed.

H.F. No. 1734: A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; extending valuation and deferment of agricultural property taxes in certain instances; authorizing the cities of Mankato and Hopkins to establish special service districts; authorizing establishment of an economic development authority in the city of Otsego and in Kandiyohi county; exempting Itasca county from a levy limit penalty; providing for payment of certain aid to the cities of Falcon Heights and Lauderdale; extending the duration of a tax increment financing district in the city of Moorhead; granting certain powers to towns; appropriating money; amending Minnesota Statutes 1988, sections 38.27, subdivision 1; 60A.15, subdivision 1; 93.55, subdivision 4; 124A.03, subdivision 2; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.12, subdivision 2, and by adding a subdivision; 270.485; 270.80, subdivision 1; 272.01, subdivision 2; 272.02, subdivision 1, and by adding a subdivision; 273.01; 273.061, subdivisions 1 and 2; 273.11, by adding a subdivision; 273.111, subdivision 3; 273.112, subdivision 3, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 8, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.135, subdivisions 2 and 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1c; 275.28, subdivision 1; 275.50, subdivisions 2, 5, and by adding a subdivision; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, and 6; 275.58, subdivision 1; 276.04; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 7; 290.015, subdivisions 3 and 4; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.067, subdivision 2, and by adding a subdivision; 290.0802, subdivision 1; 290.091, subdivision 2; and by adding a subdivision; 290.17, by adding a subdivision; 290.21, subdivision 4; 290.37, subdivision 1; 290.38; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.01, subdivision 3; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297A.257, by adding a subdivision; 297B.03; 297C.03, subdivision 1; 297C.09; 349.12, subdivisions 11, 13, and by adding subdivisions; 349.15; 349.16, by adding a subdivision; 349.212, subdivision 4, and by adding a subdivision; 349.214, subdivision 4; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 444.075, subdivision 1; 444.16; 444.17; 444.18; 444.19; 444.20; 459.14,

by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivision 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F08, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 15; and 477A.013, subdivisions 1, 3, and 4; Laws 1988, chapter 719, articles 1, section 22; 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 273; 275; 276; 297A; 365B; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes 1988, sections 38.17; 38.27, subdivision 3; 38.28; 60A.151; 271.061; 275.065; 275.57; 275.58, subdivision 4; 276.13; 276.14; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, article 8, section 35; and Laws 1989, chapter 27, article 2, sections 2 and 3.

SUSPENSION OF RULES

Mr. Johnson, D.J. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1734 and that the rules of the Senate be so far suspended as to give H.F. No. 1734 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1734 was read the second time.

Mr. Johnson, D.J. moved to amend H.F. No. 1734 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1734, and insert the language after the enacting clause, and the title, of S.F. No. 473, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. then moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 8, line 31, delete "alternative"

Page 11, after line 25, insert:

"Section 1 is effective May 15, 1989, for returns filed after December 31, 1988."

Page 18, line 2, after "Code" insert ", provided that the tax will not be imposed on advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code"

Page 39, line 32, after "charges" insert "under section 295.34, subdivision 1"

Page 80, line 3, after the period, insert "Gross taxes are before any reduction for disparity reduction aid."

Page 80, line 23, delete "the ratio of (1) the greater"

Page 80, delete lines 24 to 33

Page 80, line 34, delete "unique taxing jurisdiction" and insert "one plus the greater of the percentage change in (1) the ratio of estimated market value of the first \$68,000 residential homesteads to the estimated market value of all taxable property within the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the 1988 assessment or (2) the ratio of the estimated market value of farm homesteads to the estimated market value of all taxable property within the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the 1988 assessment"

Page 81, line 34, delete "the prior year" and insert "1990"

Page 84, line 36, after "477A.0132" insert ", regardless of the size of the town"

Page 90, line 1, delete "275.50" and insert "275.51"

Page 138, line 16, after "of" insert "section"

Page 194, line 15, delete "described in section 368.01,"

Page 194, line 16, delete the new language and insert "that has a population of 5,000 or more"

Page 201, after line 32, insert:

"Sec. 13. Minnesota Statutes 1988, section 373.40, subdivision 2, is amended to read:

Subd. 2. [APPLICATION OF ELECTION REQUIREMENT COUNTY BOARD APPROVAL.] (a) ~~Bonds issued by a county to finance capital improvements under an approved capital improvement plan are not subject to the election requirements of section 375.18 or 475.58. The bonds must be approved by vote of at least three-fifths of the members of the county board. In the case of a metropolitan county, the bonds must be approved by vote of at least two-thirds of the members of the county board.~~

(b) ~~Before each issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least 14, but not more than 28, days before the date of the hearing.~~

(c) ~~A county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last general election and is filed with the county auditor within 30 days after the public hearing. The commissioner of revenue shall prepare a suggested form of the question to be presented at the election.~~

Sec. 14. Minnesota Statutes 1988, section 375.18, subdivision 3, is amended to read:

Subd. 3. [COURTHOUSE.] Each county board may erect, furnish, and maintain a suitable courthouse. ~~No indebtedness shall be created for a courthouse in excess of 1-2/3 mills on each dollar of gross tax capacity without the approval of a majority of the voters of the county voting on~~

the question of issuing the obligation at an election.”

Page 202, line 27, strike “under a capital”

Page 202, line 28, strike “improvement plan under section 373.40”

Page 202, line 32, delete “Section 13 is” and insert “Sections 13 to 15 are”

Renumber the sections of article 7 in sequence and correct the internal references

Page 231, after line 16, insert:

“Sec. 43. Minnesota Statutes 1988, section 275.14, is amended to read:
275.14 [CENSUS.]

For the purposes of sections 275.11 to 275.16, the population of a city shall be that established by the last federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the metropolitan council, or by the state demographer made according to section 116K.04, subdivision 4, whichever has the latest stated date of count or estimate, before July 2 of the current levy year. The population of a school district must be determined by the most recent federal census.

In any year in which no federal census is taken pursuant to law in any school district affected by sections 275.11 to 275.16 a population estimate may be made and submitted to the state demographer for approval as hereinafter provided. The school board of a school district, in case it desires a population estimate, shall pass a resolution by ~~September~~ July 1 containing a current estimate of the population of the school district and shall submit the resolution to the state demographer. The resolution shall describe the criteria on which the estimate is based and shall be in a form and accompanied by the data prescribed by the state demographer. The state demographer shall determine whether or not the criteria and process described in the resolution provide a reasonable basis for the population estimate and shall inform the school district of that determination within 30 days of receipt of the resolution. If the state demographer determines that the criteria and process described in the resolution do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the state demographer determines that the criteria and process do provide a reasonable basis for the population estimate, the estimate shall be treated as the population of the school district for the purposes of sections 275.11 to 275.16 until the population of the school district has been established by the next federal census or until a more current population estimate is prepared and approved as provided herein, whichever occurs first. The state demographer shall establish guidelines for acceptable population estimation criteria and processes. The state demographer shall issue advisory opinions upon request in writing to cities or school districts as to proposed criteria and processes prior to their implementation in an estimation. The advisory opinion shall be final and binding upon the demographer unless the demographer can show cause why it should not be final and binding.

In the event that a census tract employed in taking a federal or local census overlaps two or more school districts, the county auditor shall, on the basis of the best information available, allocate the population of said census tract to the school districts involved.

The term “council,” as used in sections 275.11 to 275.16, means any

board or body, whether composed of one or more branches, authorized to make ordinances for the government of a city within this state."

Page 253, line 6, delete "60, 62 to 65" and insert "61, 63 to 66"

Page 253, line 7, delete "80" and insert "81"

Page 253, line 9, delete "66 to 73" and insert "67 to 74"

Page 253, line 15, delete "61, 77, 78, and 79" and insert "62, and 78 to 80"

Renumber the sections of article 8 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on H.F. No. 46 at 6:00 p.m.:

Messrs. Morse, Samuelson, Waldorf, Freeman and Johnson, D.E. The motion prevailed.

Mr. Stumpf moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 261, lines 33 and 34, delete the new language

Pages 264 to 266, delete sections 2 to 4

Page 267, delete sections 6 to 8

Renumber the sections of article 10 in sequence and correct the internal references

Amend the title accordingly

Mr. Bernhagen moved to amend the Stumpf amendment to H.F. No. 1734 as follows:

Page 1, line 6, delete "266" and insert "267" and delete "4" and insert "5"

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

The roll was called, and there were yeas 26 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Knaak	McQuaid	Storm
Belanger	Cohen	Knutson	Mehrrens	Taylor
Benson	Decker	Laidig	Olson	
Berg	Frederick	Larson	Pariseau	
Bernhagen	Frederickson, D.R.	Lessard	Ramstad	
Brataas	Gustafson	McGowan	Renneke	

Those who voted in the negative were:

Adkins	DeCramer	Langseth	Novak	Schmitz
Beckman	Dicklich	Lantry	Pehler	Solon
Berglin	Diessner	Luther	Peterson, D.C.	Spear
Bertram	Frank	Marty	Peterson, R. W.	Stumpf
Brandl	Frederickson, D.J.	Merriam	Piper	Vickerman
Dahl	Johnson, D.J.	Metzen	Pogemiller	
Davis	Kroening	Moe, R.D.	Reichgott	

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

The question recurred on the adoption of the Stumpf amendment.

The roll was called, and there were yeas 47 and nays 16, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Mehrkens	Renneke
Anderson	Dahl	Johnson, D.E.	Metzen	Samuelson
Beckman	Davis	Knaak	Morse	Solon
Belanger	Decker	Knutson	Novak	Storm
Benson	DeCramer	Langseth	Olson	Stumpf
Berg	Diessner	Lantry	Pariseau	Taylor
Bernhagen	Frank	Larson	Pehler	Vickerman
Bertram	Frederick	Lessard	Piper	
Brataas	Frederickson, D.J.	McGowan	Ramstad	
Chmielewski	Frederickson, D.R.	McQuaid	Reichgott	

Those who voted in the negative were:

Berglin	Johnson, D.J.	Marty	Peterson, D.C.	Schmitz
Brandl	Kroening	Merriam	Peterson, R. W.	Spear
Dicklich	Luther	Moe, R.D.	Pogemiller	Waldorf
Gustafson				

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 188, after line 24, insert:

“Sec. 80. [CITY OF WHITE BEAR LAKE; LEVY LIMIT PENALTY EXEMPTION.]

The amount of any tax levied by the city of White Bear Lake under authority provided in Laws 1988, chapter 419, is not subject to a penalty imposed under Minnesota Statutes, section 275.51, subdivision 4, for exceeding levy limits under Minnesota Statutes, sections 275.50 to 275.56, but may not exceed \$150,000 in any year.”

Page 188, line 34, after the period, insert “Section 80 is effective upon approval by the White Bear Lake city council for taxes levied in 1989, 1990, and 1991, payable in 1990, 1991, and 1992 only.”

Renumber the sections of article 6 in sequence and correct the internal references

Amend the title accordingly

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

Mr. Larson moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 196, line 36, delete "and"

Page 197, line 9, delete the period and insert " ; and

(m) *the amount of a levy for the support of libraries under section 134.34.*"

Page 198, delete lines 17 and 18

Page 199, line 3, after the semicolon, insert "and"

Page 199, line 22, delete " ; and" and insert a period

Page 199, delete lines 23 to 27

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

Mr. Ramstad moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 56, after line 9, insert:

"Sec. 7. Minnesota Statutes 1988, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to *baseball, softball, soccer*, golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident."

Page 90, line 16, delete "20" and insert "21"

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title as follows:

Page 1, line 39, after "3;" insert "273.112, subdivision 3;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 33, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Adkins	Dahl	Johnson, D.J.	Metzen	Pogemiller
Beckman	Davis	Kroening	Moe, R.D.	Reichgott
Berg	DeCramer	Lantry	Novak	Schmitz
Berglin	Dicklich	Lessard	Pehler	Spear
Brandl	Diessner	Luther	Peterson, D.C.	Stumpf
Chmielewski	Frank	Marty	Peterson, R.W.	
Cohen	Frederickson, D.J.	Merriam	Piper	

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

Mr. Taylor moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 19, after line 20, insert:

"Sec. 8. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 23. [CONTINUING EDUCATION FOR DAY CARE PROVIDERS.] A credit may be taken against the tax due under this chapter equal to 50 percent of the cost incurred by a taxpayer for tuition and required fees, books, and supplies for a course of study to improve skills as a day care operator. The credit provided in this subdivision is available to an employee of a child day care or residential facility that is licensed under chapter 245A or to an owner or operator of a facility who pays for courses taken by persons employed at the facility. The commissioner of human services shall certify courses that qualify for the credit provided in this subdivision. To be certified, a course must provide information or training that is directly related to knowledge and skills necessary to provide day care services.

Sec. 9. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 24. [EMPLOYER'S DAY CARE FACILITIES.] (a) A taxpayer may take a credit against the tax due under this chapter equal to 50 percent of amounts paid by the taxpayer for qualified employer day care facility costs during the first taxable year. The credit shall be reduced in the

following tax years to 40 percent in the second year; 30 percent in the third year; 20 percent in the fourth year; and 10 percent in the fifth year. For purposes of this subdivision, "qualified employer day care facility costs" means the following expenditures made in connection with an employer-provided day care facility:

(1) the cost of construction, renovation, or remodeling of the facility;
(2) the cost of furniture, equipment, materials, and supplies used to provide day care services at the facility; and

(3) amounts expended for salaries paid and benefits provided to employees whose primary function is providing day care services at the facility.

(b) For purposes of this subdivision, "employer-provided day care facility" means a child day care facility that:

(1) is licensed under chapter 245A;

(2) is located either at the site of the employer's business operation or within two miles of that site; and

(3) is owned by the employer or receives over 75 percent of its annual gross revenues as payments from the employer. A taxpayer may take the credit provided under this subdivision for no more than five taxable years.

Sec. 10. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 25. [EMPLOYER'S DAY CARE SUBSIDY.] A taxpayer may take a credit against the tax due under this chapter equal to 50 percent of amounts paid by the taxpayer for direct subsidy of individual employees' costs for day care at a home or facility licensed under chapter 245A during the taxable year. The credit shall be reduced in the following tax years to 40 percent in the second year; 30 percent in the third year; 20 percent in the fourth year; and 10 percent in the fifth year. A taxpayer may take a credit under this subdivision for no more than five taxable years."

Page 40, line 18, after the period, insert "Sections 8 to 10 are effective for taxable years beginning after December 31, 1988."

Renumber the sections of article 2 in sequence and correct the internal references

Page 259, after line 32, insert:

"Sec. 5. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 42. [DAY CARE CENTER MATERIALS AND EQUIPMENT.] (a) The gross receipts from the sale or use of all materials and supplies or equipment used or consumed in constructing or incorporated into the construction of a child day care facility licensed under chapter 245A, are exempt, as are other educational facilities. In the case of a day care facility that is located in a private residence, the exemption shall apply to materials, supplies, and equipment purchased for construction of improvements to the residence that are required to meet the state day care facility licensing standards and are used exclusively for the purpose of providing day care services.

(b) The gross receipts from the sale or use of all materials or supplies used or consumed in the process of providing child day care services

licensed under chapter 245A are exempt."

Renumber the sections of article 9 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 36 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Hughes	Mehrkens	Spear
Beckman	Dahl	Johnson, D.E.	Morse	Storm
Belanger	Decker	Knaak	Olson	Taylor
Benson	DeCramer	Knutson	Pariseau	Vickerman
Berg	Frank	Laidig	Peterson, D.C.	
Berglin	Frederick	Larson	Ramstad	
Bernhagen	Frederickson, D.R.	McGowan	Reichgott	
Brataas	Gustafson	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Novak	Schmitz
Bertram	Frederickson, D.J.	Lessard	Pehler	Solon
Brandl	Freeman	Luther	Peterson, R.W.	Stumpf
Chmielewski	Johnson, D.J.	Merriam	Piper	Waldorf
Davis	Kroening	Metzen	Pogemiller	
Dicklich	Langseth	Moe, R.D.	Samuelson	

The motion prevailed. So the amendment was adopted.

Mr. Bernhagen moved to amend H.F. No. 1734, as amended by the Senate May 3, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 473.)

Page 6, after line 19, insert:

"Sec. 2. Minnesota Statutes 1988, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others not to exceed \$650 for each dependent in grades kindergarten to 6 and \$1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated

for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code of 1986, as amended through December 31, 1987;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802; ~~and~~

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g-; ~~and~~

(7) the first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside of Minnesota. This subtraction does not apply to pension or disability income."

Page 7, after line 11, insert:

"Sec. 5. Minnesota Statutes 1988, section 290.0802, subdivision 2, is amended to read:

Subd. 2. [SUBTRACTION.] (a) A qualified individual is allowed a subtraction from federal taxable income equal to the lesser of federal taxable income or the individual's subtraction base amount. The excess of the subtraction base amount over federal taxable income may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) ~~\$10,000~~ \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) ~~\$8,000~~ \$10,000 for a single taxpayer, and

(iii) ~~\$5,000~~ \$6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) \$15,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) \$12,000 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) \$7,500 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount."

Page 11, line 26, delete "*Section 2 is*" and insert "*Sections 2, 3, and 5 are*"

Renumber the sections of article 1 in sequence and correct the internal references

Page 19, lines 13 and 18, strike "five" and insert "15"

Page 45, line 17, strike "75 percent of"

Page 64, line 27, after "\$100,000" insert "*for taxes payable in 1990 and 4.95 percent of the market value over \$100,000 for taxes payable in 1991 and thereafter*"

Page 258, line 36, after "*equipment*" insert "*sold before July 1, 1990,*"

Page 259, after line 32, insert:

"Sec. 5. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 42. [CAPITAL EQUIPMENT.] The gross receipts from the sale of capital equipment are exempt.

Sec. 6. Minnesota Statutes 1988, section 297A.275, is amended to read:

297A.275 [ACCELERATED PAYMENT OF JUNE LIABILITY.]

(a) Every vendor having a liability of \$1,500 or more in May ~~1988 or in 1989~~, May of ~~each subsequent year~~ 1990, or May 1991, shall remit the June liability in the manner required by this ~~section~~ paragraph.

On or before June 20, ~~1988 or 1989~~, June 20, 1990, or June 20, 1991 ~~of each subsequent year~~, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) Every vendor having a liability of \$5,000 or more in May 1992, shall remit the June liability in the manner required by this paragraph.

On or before June 20, 1992, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(c) Every vendor having a liability of \$15,000 or more in May 1993, shall remit the June liability in the manner required by this paragraph.

On or before June 20, 1993, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(d) Every vendor having a liability of \$50,000 or more in May 1994,

shall remit the June liability in the manner required by this paragraph.

On or before June 20, 1994, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(e) On or before August 20, ~~1988~~ 1989, or August 20 of each subsequent year, the vendor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability."

Page 260, after line 9, insert:

"Sec. 8. [REPEALER.]

Minnesota Statutes 1988, section 297A.275, is repealed."

Page 260, line 15, after the period, insert "Section 5 is effective July 1, 1990. Section 8 is effective January 1, 1995."

Renumber the sections of article 9 in sequence and correct the internal references

Pages 260 to 264, delete section 1

Renumber the sections of article 10 in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 22, Mr. Johnson, D.E. moved to be excused from voting on the Bernhagen amendment to H.F. No. 1734. The motion prevailed.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Gustafson	McGowan	Ramstad
Beckman	Decker	Knaak	McQuaid	Renneke
Belanger	Frank	Knutson	Mehrkens	Storm
Benson	Frederick	Laidig	Olson	Taylor
Bernhagen	Frederickson, D.R.	Larson	Pariseau	Vickerman

Those who voted in the negative were:

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

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

H.F. No. 1734 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 41 and nays 25, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson	Decker	Johnson, D.E.	Larson	Pariseau
Belanger	Frank	Knaak	McGowan	Ramstad
Benson	Frederick	Knutson	McQuaid	Renneke
Bernhagen	Frederickson, D.R.	Kroening	Mehrkens	Storm
Dahl	Gustafson	Laidig	Olson	Waldorf

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Johnson, D.J. moved that S.F. No. 473, No. 141 on General Orders, be stricken and laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

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

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM

ADMINISTRATION PROVISIONS

Section 1. Minnesota Statutes 1988, section 43A.44, subdivision 2, is amended to read:

Subd. 2. [BENEFITS.] Employees in shared positions shall be eligible for the following benefits and subject to the following obligations:

(a) (1) Membership in the Minnesota state retirement system, the teachers retirement association or the state patrol retirement fund, whichever is appropriate, ~~except that, notwithstanding any provision of section 352.01, subdivisions 11 and 16, 352B.01, subdivision 3, 354.05, subdivisions 13~~

and 25; or 354.091; employees shall have allowable service for the purpose of meeting the minimum service requirements for eligibility to a retirement annuity or other retirement benefit credited in full, but shall have benefit accrual service for the purpose of computing a retirement annuity or other retirement benefit credited on a fractional basis either weekly or annually based upon the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time week or a full-time year;

(b) (2) Vacation and sick leave accruals shall be prorated in accordance with the pertinent collective bargaining agreement or plan covering the position;

(c) (3) Employee dental, medical and hospital benefits coverage shall be available of the same type and coverage afforded to comparable full-time employees. Employees in shared positions who elect such coverage shall pay, by payroll deduction, the difference between the actual cost to the employer and the appropriate shared time percent of the actual cost. The remaining percent shall be paid by the employer. Employee life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees;

(d) (4) Dependent life insurance coverage shall be available to employees in shared positions on the same terms as for comparable full-time employees. Dependent medical, hospital and dental benefits coverage shall be available to employees in shared positions of the same type and coverage afforded to comparable full-time employees, except that the employer shall contribute the appropriate shared time percent of the dollar amount contributed for comparable full-time employees electing the same program, the remainder to be paid by payroll deduction by the employee electing such coverage;

(e) (5) Employees in shared positions shall be entitled to the prorated holiday provisions of the applicable collective bargaining agreement or plan covering the position;

(f) (6) Employees in shared positions shall accrue seniority time in every relevant category at the same rate accorded to comparable full-time employees. No full-time employee accepting a shared position shall suffer any loss of or gap in seniority time in the relevant categories applicable to the full-time employment; and

(g) (7) Any other benefits of employment for employees in shared positions shall be prorated at a rate of the appropriate shared time percent of those available to comparable full-time employees, whenever the benefits are divisible. Contributions by the employer toward the benefits, if any, shall be equal to the appropriate shared time percent of the full-time benefits. When not divisible, the cost of the full-time benefits normally allocable to the employer shall be allocated, the appropriate shared time percent to the employee in a shared position, by payroll deduction, and the remaining percent to the employer.

Sec. 2. Minnesota Statutes 1988, section 352.01, subdivision 11, is amended to read:

Subd. 11. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Service by an employee for which on or before July 1, 1957, the

employee was entitled to allowable service credit on the records of the system by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any other manner authorized by Minnesota Statutes 1953, chapter 352, as amended by Laws 1955, chapter 239.

(2) Service by an employee for which on or before July 1, 1961, the employee chose to obtain credit for service by making payments to the fund under Minnesota Statutes 1961, section 352.24.

(3) Except as provided in clauses (9) and (10), service by an employee after July 1, 1957, for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041.

(4) Except as provided in clauses (9) and (10), service by an employee after July 1, 1957, for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, section 352.021, subdivision 4.

For purposes of clauses (3) and (4), except as provided in clauses (9) and (10), any salary paid for a fractional part of any calendar month is deemed the compensation for the entire calendar month.

(5) The period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund.

(6) The unused part of an employee's annual leave allowance for which the employee is paid salary.

(7) Any service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system.

(8) Any service before July 1, 1978, by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division, which was credited by the metropolitan transit commission-transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977.

(9) Service after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27

shall be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, clauses (i) and (j), govern.

~~(10) Any service by an employee in the Minnesota demonstration job-sharing program under sections 43A.40 to 43A.465 which is less than 40 hours per week or 2,080 hours per year and for which the employee is paid salary from which deductions are made, deposited and credited in the fund, shall be credited on a fractional basis either weekly or annually based on the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time week or a full-time year.~~

The allowable service determined and credited on a fractional basis ~~under clauses (9) and (10)~~ shall be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

~~(11) (10)~~ Any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund in lieu of salary deductions. To obtain credit, the employee shall pay an amount equal to the employee and employer contribution rate in section 352.04, subdivisions 2 and 3, multiplied by the employee's hourly rate of salary on the date of return from leave of absence and by the days and months of the leave of absence without pay for which the employee wants allowable service credit. The employing department, at its option, may pay the employer amount on behalf of its employees. Payments made under this clause shall include interest at the rate of six percent per year from the date of termination of the leave of absence to the date payment is made unless payment is completed within one year of the return from leave of absence.

Sec. 3. Minnesota Statutes 1988, section 352.021, subdivision 5, is amended to read:

Subd. 5. [CONTINUING COVERAGE.] Any state employee who has made contributions to the retirement fund for a period of one year and who, continuing in state service after that year, becomes eligible for membership in the state teachers retirement association *as a full-time teacher, as defined in section 354.05, subdivision 2*, may continue coverage under the system by filing in its office written notice of election to continue. The election to be covered by the system under this subdivision or section 352.01, subdivision 2b, clause (3), must be made on a form approved by the director within 90 days after appointment to the position. If the option is exercised, the employee is not thereafter entitled to membership in the teachers retirement association while employed by the state in a position that entitled the employee to make this election.

Sec. 4. Minnesota Statutes 1988, section 352.03, subdivision 11, is amended to read:

Subd. 11. [LEGAL ADVISER, ATTORNEY GENERAL.] The attorney general shall be the legal adviser of the board and of the director. The

board may sue or be sued *or petitioned under section 5* in the name of the board of directors of the system. In actions brought by it or against it, the board shall be represented by the attorney general- *and, except as provided in section 5, subdivision 9,* venue of actions shall be in the Ramsey county district court.

Sec. 5. [352.031] [APPEALS PROCEDURE.]

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the following terms have the meanings given them.

(a) "Board" means the board of directors of the Minnesota state retirement system.

(b) "Documentation" includes, but is not limited to:

(1) sworn and notarized affidavits made on the personal knowledge of any person;

(2) official letters or documents;

(3) documents from the file of the petitioner; and

(4) other relevant documents that are admissible as evidence in a court of law.

(c) "Executive director" means the executive director of the Minnesota state retirement system.

(d) "Person" includes any state agency or other governmental unit that employs persons covered under statutes listed in subdivision 2.

(e) "Record" means:

(1) the petition and the documentation that the petitioner submits with a petition;

(2) the executive director's answer to the petition and the documentation submitted with it; and

(3) the documentation that the board allows to be submitted in connection with the hearing on the petition if submitted in a timely fashion.

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under chapter 352, other than sections 352.96 and 352.97; chapters 3A, 352B, 352C, and 352D; sections 490.121 to 490.133; or the applicable sections of chapters 355 and 356, the executive director shall serve upon that person a written notice. The notice must contain:

(1) the reasons for the termination or denial;

(2) notification that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) a statement that failure to petition the board within 60 days will preclude the person from contesting, in any other court procedure or administrative hearing, the issues determined by the executive director; and

(4) a copy of this section.

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under

subdivision 2 and regarding whom a benefit has been terminated or an application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive director should be reversed or modified and may include relevant documentation.

Subd. 4. [ANSWER; RECORD FOR HEARING.] Within a reasonable time after receiving a petition, the executive director shall serve the petitioner with an answer to the petition with all relevant documentation and with notice of the time and place of the regular or special board meeting at which the board will consider the petition. The documentation need not duplicate the documentation submitted by the petitioner. Not later than ten days before the board meeting at which the petition will be heard, the executive director shall deliver a copy of the relevant documentation to each board member personally or by mail. Each board member who participates in the decision on the petition must be familiar with all relevant documentation.

Subd. 5. [HEARING.] The board shall hold a timely hearing on a petition for review. The board must make its decision on a petition solely on the relevant documentation as submitted and the proceedings of the hearing. At the hearing, the petitioner, the petitioner's attorney, and the executive director may state and discuss with the board their positions with respect to the petition. The board may allow further documentation to be placed in the record at or subsequent to the board meeting at which the petition is considered. If the board allows additional documentation into the record at or subsequent to the board meeting, it may make a final determination on the petition at that board meeting only upon the agreement of both the petitioner and the executive director.

Subd. 6. [TERMINATION OF BENEFITS.] If the executive director proposes to terminate a benefit that is being paid to any person, before terminating the benefit, the executive director, in addition to the other procedures prescribed in this section, shall give the person written or oral notice of the proposed termination. The notice must explain the reason for the proposed termination. The person must be given an opportunity to explain, orally or in writing, why the benefit should not be terminated. If the executive director is unable to contact the person and the executive director determines that a failure to terminate the benefit might result in unauthorized payment by the association, the executive director may terminate the benefit with only a written notice containing the information required by subdivision 2, mailed to the address to which the benefit was last sent and, if that address is a financial institution, to the last known address of the person.

Subd. 7. [MEDICAL ADVISOR ACTION.] If a person petitions the board to reverse or modify a determination by the executive director finding that the petitioner, for medical reasons, does not or has ceased to qualify for a disability benefit, the board may resubmit the matter to the medical advisor for reconsideration, with or without instructions to obtain further medical examinations. The board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical opinion contrary to the opinion of the medical advisor in the record and

the medical advisor asserts that the decision was made in accordance with the disability standard in section 352.01, subdivision 17; 352B.10; or 490.121, subdivision 13, the board must follow the determination of the medical advisor. The board may make a determination different from the recommendation of the medical advisor on issues that do not involve a medical opinion.

Subd. 8. [BOARD FINDINGS.] After the board has made a decision on a petition, the executive director shall prepare findings of fact, the board's reasons for its conclusions, and the board's final order for the signature of the chair or other board member as the board, by resolution, may designate. The executive director shall serve the findings, conclusions, and order on the petitioner by certified mail.

Subd. 9. [APPEALS.] Within 30 days of receipt of the findings, conclusions, and final order, the petitioner may appeal the board's decision by writ of certiorari to the court of appeals. Failure to appeal within 30 days precludes the petitioner from later raising, in any court procedure or administrative hearing, those substantive and procedural issues that reasonably should have been raised upon appeal.

Subd. 10. [REFERRAL FOR ADMINISTRATIVE HEARING.] Notwithstanding sections 14.03; 14.06; and 14.57 to 14.69, a challenge to a determination of the executive director must be conducted exclusively under the procedures in this section. The board in its sole discretion may refer a petition brought under this section to the office of administrative hearings for a contested case hearing under sections 14.57 to 14.69.

Subd. 11. [PETITIONS WITHOUT NOTICE.] A person who is not entitled to a review under this section may nevertheless receive review of the decision of the executive director that affects the person's rights by petitioning the board under this section within 60 days of the time the person knew or should have known of the disputed decision.

Sec. 6. Minnesota Statutes 1988, section 352.116, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ANNUITIES.] The board shall establish an optional retirement annuity in the form of a joint and survivor annuity. The board may also establish an optional annuity in the form of an annuity payable for a period certain and for life thereafter or establish an optional annuity which takes the form of a joint and survivor annuity providing that, if after the joint and survivor annuity becomes payable, the person with the designated remainder interest in the annuity dies before the former member, the annuity amount must be reinstated to a normal single life annuity amount as of the first day of the month after the day the person dies. In addition, the board may also establish an optional annuity that takes the form of an annuity calculated on the basis of the age of the retired employee at retirement and payable for the period before the retired employee becomes eligible for social security old age retirement benefits in a greater amount than the amount of the annuity calculated under subdivision 2 on the basis of the age of the retired employee at retirement but equal so far as possible to the social security old age retirement benefit and the adjusted retirement annuity amount payable immediately after the retired employee becomes eligible for social security old age retirement benefits and payable for the period after the retired employee becomes eligible for social security old age retirement benefits in an amount less than the amount of the annuity calculated under subdivisions 2 and 3. The social security leveling option

may be calculated based on broad average social security old age retirement benefits. For each year that the retiring employee is under age 62, up to five percent of the total single life annuity required reserves may be used to accelerate the optional retirement annuity. This greater amount must be paid until the end of the month in which the retired employee reaches age 62, at which time the annuity must be reduced. The optional forms must be actuarially equivalent to the normal single life annuity forms provided in sections 352.115 and 352.116, whichever applies.

Sec. 7. Minnesota Statutes 1988, section 352.22, subdivision 1, is amended to read:

Subdivision 1. [SERVICE TERMINATION.] Any employee who ceases to be a state employee by reason of termination of state service or layoff is entitled to a refund provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a refund may be made 30 or more days after the termination of state service or layoff if the applicant has not again become a state employee required to be covered by the system.

Sec. 8. Minnesota Statutes 1988, section 352.22, subdivision 2a, is amended to read:

Subd. 2a. [AMOUNT OF CERTAIN REFUND REPAYMENTS PROHIBITED.] For any employee who is entitled to a refund under subdivision 1 and who, before July 1, 1978, was a member of the metropolitan transit commission transit operating division employees retirement fund, the refund for contributions made before July 1, 1978, must equal the following amounts:

(a) For any employee contributions made before January 1, 1950, the amount equal to one-half of the employee contributions without interest;

(b) For any employee contributions made after December 31, 1949, but before January 1, 1975, the amount of the employee contributions plus simple interest at the rate of two percent per year; and

(c) For any employee contributions made after December 31, 1974, but before July 1, 1978, the amount of the employee contributions plus simple interest at the rate of 3-1/2 percent per year. The refund of contributions made on or after July 1, 1978, must be determined under subdivision 2. Interest must be computed to the first day of the month in which the refund is processed and must be based on fiscal year balances. No refunds of contributions made to the metropolitan transit commission-transit operating division employees retirement fund received before July 1, 1978, or for service rendered before July 1, 1978, may be repaid.

Sec. 9. Minnesota Statutes 1988, section 352.93, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS; DURATION AND AMOUNT.] The annuity under this section shall begin to accrue as provided in section 352.115, subdivision 8, and must be paid for an additional 84 full calendar months or to the first of the month following the month in which the employee becomes age 65, whichever occurs first, except that payment must not cease before the first of the month following the month in which the employee becomes 62. It must then be reduced to the amount as calculated under section 352.115, except that if this amount, when added to the social security benefit based on state service the employee is eligible to receive at the

time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to the social security benefit will equal the amount payable under subdivision 2.

When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan *or the unclassified employees retirement program* between the ages of 58 and 65 shall receive a partial return of correctional contributions at retirement with five percent interest based on the following formula:

Employee contributions	Years and complete
contributed as a	months of regular
correctional employee	service between
in excess of the	ages 58 and 65
contributions the	X
employee would have	7
contributed as a	
regular employee	

Sec. 10. Minnesota Statutes 1988, section 352B.08, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL ANNUITY FORMS.] In lieu of the single life annuity provided in subdivision 2, the member or former member with ~~ten~~ *five* years or more of service may elect an optional annuity form. The board of the Minnesota state retirement system shall establish a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The board shall also establish an additional optional annuity with an actuarial equivalent value of the single life annuity in the form of a joint and survivor annuity which provides that the elected annuity be reinstated to the single life annuity provided in subdivision 2, if after commencing the elected joint and survivor annuity, the designated beneficiary dies before the member, which reinstatement is not retroactive but takes effect for the first full month occurring after the death of the designated beneficiary. The board may also establish other actuarial equivalent value optional annuity forms. In establishing actuarial equivalent value optional annuity forms, each optional annuity form shall have the same present value as a regular single life annuity using the mortality table adopted by the board and the interest assumption specified in section 356.215, subdivision 4d, and the board shall obtain the written recommendation of the commission-retained actuary. These recommendations shall be a part of the permanent records of the board.

Sec. 11. Minnesota Statutes 1988, section 352B.10, subdivision 5, is amended to read:

Subd. 5. [OPTIONAL ANNUITY.] A disabled member ~~not eligible for~~ *may, instead of survivorship coverage under section 352B.11, subdivision 2, may* choose the normal disability benefit or an optional annuity as provided in section 352B.08, subdivision 2. The choice of an optional annuity must be made before commencement of payment of the disability benefit. It is effective ~~30 days after receipt of this choice or on the date on which the disability benefit begins to accrue, whichever is later. Upon becoming effective, the optional annuity begins to accrue on the date~~

~~provided for the disability benefit.~~

Sec. 12. Minnesota Statutes 1988, section 352B.11, subdivision 2, is amended to read:

Subd. 2. [DEATH; PAYMENT TO SPOUSE AND CHILDREN.] If a member serving actively as a member, a member receiving the disability benefit provided by section 352B.10, subdivision 1, or a former member receiving a disability benefit as provided by section 352B.10, subdivision 3 2, dies from any cause, the surviving spouse and dependent children are entitled to benefit payments as follows:

(a) A member with at least five years of allowable service ~~or a former member with at least 20 years of allowable service~~ is deemed to have elected a 100 percent joint and survivor annuity payable to a surviving spouse only on or after the date the member or former member became or would have become 55.

(b) The surviving spouse of a member who had credit for less than five years of service shall receive, for life, a monthly annuity equal to 20 percent of that part of the average monthly salary of the member from which deductions were made for retirement. If the surviving spouse remarries, the annuity shall cease as of the date of the remarriage.

(c) The surviving spouse of a member who had credit for at least five years service and who died after attaining 55 years of age, may elect to receive a 100 percent joint and survivor annuity, for life, notwithstanding a subsequent remarriage, in lieu of the annuity prescribed in paragraph (b).

(d) The surviving spouse of any member who had credit for five years or more and who was not 55 years of age at death, shall receive the benefit equal to 20 percent of the average monthly salary as described in clause (b) until the deceased member would have reached the age of 55 years, and beginning the first of the month following that date, may elect to receive the 100 percent joint and survivor annuity. If the surviving spouse remarries before the deceased member's 55th birthdate, benefits or annuities shall cease as of the date of remarriage. Remarriage after the deceased member's 55th birthday shall not affect the payment of the benefit.

(e) Each dependent child shall receive a monthly annuity equal to ten percent of that part of the average monthly salary of the former member from which deductions were made for retirement. A dependent child over 18 and under 22 years of age also may receive the monthly benefit provided in this section, if the child is continuously attending an accredited school as a full-time student during the normal school year as determined by the director. If the child does not continuously attend school but separates from full-time attendance during any part of a school year, the annuity shall cease at the end of the month of separation. In addition, a payment of \$20 per month shall be prorated equally to surviving dependent children when the former member is survived by one or more dependent children. Payments for the benefit of any qualified dependent child must be made to the surviving spouse, or if there is none, to the legal guardian of the child. The maximum monthly benefit must not exceed 40 percent of the average monthly salary for any number of children.

(f) If the member dies under circumstances that entitle the surviving spouse and dependent children to receive benefits under the workers' compensation law, the workers' compensation benefits received by them must

not be deducted from the benefits payable under this section.

(g) The surviving spouse of a deceased former member who had credit for five or more years of allowable service, but not the spouse of a former member receiving a disability benefit under section 352B.10, subdivision 3 2, is entitled to receive the 100 percent joint and survivor annuity at the time the deceased member would have reached the age of 55 years, if the surviving spouse has not remarried before that date. If a former member dies who does not qualify for other benefits under this chapter, the surviving spouse or, if none, the children or heirs are entitled to a refund of the accumulated deductions left in the fund plus interest at the rate of five percent per year compounded annually.

Sec. 13. Minnesota Statutes 1988, section 352D.04, subdivision 1, is amended to read:

Subdivision 1. (a) An employee exercising an option to participate in the retirement program provided by this chapter may elect to purchase shares in one or a combination of the income share account, the growth share account, the money market account, the bond market account, the guaranteed return account, or the common stock index account established in section 11A.17. The employee may elect to participate in one or more of the investment accounts in the fund by specifying, on a form provided by the executive director, the percentage of the employee's contributions provided in subdivision 2 to be used to purchase shares in each of the accounts.

(b) Twice in any calendar year, a participant may indicate in writing on forms provided by the Minnesota state retirement system a choice of options for subsequent purchases of shares. Until a different written indication is made by the participant, the executive director shall purchase shares in the supplemental fund as selected by the participant. If no initial option is chosen, 100 percent income shares must be purchased for a participant. A change in choice of investment option is effective no later than the first pay date first occurring after 30 days following the receipt of the request for a change.

(c) One month before the start of a new guaranteed investment contract, a participant or former participant may elect to transfer all or a portion of the participant's shares previously purchased in the income share, growth share, common stock index, bond market, or money market accounts to the new guaranteed investment contract in the guaranteed return account. ~~If a partial transfer is made, a minimum of \$1,000 must be transferred and a minimum balance of \$1,000 must remain in the previously selected investment options.~~ Upon expiration of a guaranteed investment contract, the participant's shares attributable to that contract must be transferred to a new guaranteed investment contract unless the executive director is otherwise directed by the participant. Shares in the guaranteed return account may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for withdrawal under section 352D.05 or for benefit payments under sections 352D.06 to 352D.075.

(d) Twice in any calendar year a participant or former participant may also change the investment options selected for all or a portion of the participant's shares previously purchased in accounts other than the guaranteed return account. ~~However, if a partial transfer is made a minimum of \$1,000 must be transferred and a minimum balance of \$1,000 must remain in the previously selected investment option.~~ Changes in investment

options for the participant's shares must be effected as soon as cash flow to an account practically permits, but not later than six months after the requested change.

Sec. 14. Minnesota Statutes 1988, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58 55, is retired from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the state employees retirement fund in determining pensions and reserves.

Sec. 15. Minnesota Statutes 1988, section 352D.075, subdivision 2, is amended to read:

Subd. 2. If a participant dies leaving a spouse and there is no named beneficiary who survives to receive payment or the spouse is named beneficiary, the spouse may receive:

(1) The value of the participant's total shares;

(2) The value of one-half of the total shares and beginning at age 58 55 or thereafter receive an annuity based on the value of one-half of the total shares, provided that if the spouse dies before receiving any annuity payments the value of said shares shall be paid to the spouse's children in equal shares, but if no such children survive then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse; or

(3) Beginning at age 58 55 or thereafter receive an annuity based on the value of the total shares, provided that if the spouse dies before receiving any annuity payments the value of said shares shall be paid to the spouse's children in equal shares, but if no such children survive then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse; and further provided, if said spouse dies after receiving annuity payments but before receiving payments equal to the value of the employee shares, the value of the employee shares remaining shall be paid to the spouse's children in equal shares, but if no such children survive then to the parents of the spouse in equal shares, but if no such children or parents survive, then to the estate of the spouse.

Sec. 16. [DEADLINE EXTENSION IN CERTAIN INSTANCES.]

Notwithstanding any provision of Minnesota Statutes, section 352D.12, a participant on the effective date of this section may transfer prior service contributions or repay any refund under that section by September 30, 1989, or within one year of the person's participation, whichever is later.

Sec. 17. [REPEALER.]

Minnesota Statutes 1988, sections 352.03, subdivision 13; and 352.73, subdivision 3, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 15 and 17 are effective July 1, 1989. Section 16 is effective the day following final enactment.

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

- (1) elected or appointed officers and employees of elected officers;
- (2) district court reporters;
- (3) officers and employees of the public employees retirement association;
- (4) employees of the league of Minnesota cities;
- (5) *employees of the association of metropolitan municipalities;*
- (6) officers and employees of public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions;
- ~~(6)~~ (7) employees of a school district who receive separate salaries for driving their own buses;
- ~~(7)~~ (8) employees of the association of Minnesota counties;
- ~~(8)~~ (9) employees of the metropolitan intercounty association;
- ~~(9)~~ (10) employees of the Minnesota municipal utilities association;
- ~~(10)~~ (11) *employees of the Minnesota association of townships when the board of the association, at its option, certifies to the executive director that its employees are to be included for purposes of retirement coverage, in which case coverage of all employees of the association is permanent;*
- (12) employees of the metropolitan airports commission if employment initially commenced after June 30, 1979;
- ~~(11)~~ (13) employees of the Minneapolis employees retirement fund; if employment initially commenced after June 30, 1979;
- ~~(12)~~ (14) employees of the range association of municipalities and schools;
- ~~(13)~~ (15) employees of the soil and water conservation districts;
- ~~(14)~~ (16) employees of a county historical society who are county employees;
- ~~(15)~~ (17) employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b;
- ~~(16)~~ (18) employees of an economic development authority created under sections 458C.01 to 458C.23;
- ~~(17)~~ (19) employees of the department of military affairs of the state of Minnesota who are full-time firefighters;
- (20) *employees who became members before July 1, 1988, based on the*

total salary of positions held in more than one governmental subdivision.

Sec. 2. Minnesota Statutes 1988, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(1) persons *who are* employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate ~~help~~ *personnel who perform services in govern-*
~~mental subdivision~~ *charitable, penal, and or correctional institutions of a*
governmental subdivision;

(5) members of boards, commissions, bands, and others who serve ~~the~~
a governmental subdivision intermittently;

(6) employees whose employment is not expected to continue for a period longer than six consecutive months; *but not employees serving proba-*
tionary periods for permanent positions;

(7) part-time employees who receive monthly compensation from ~~a one~~
governmental subdivision not exceeding \$425, and part-time employees
and elected officials whose annual compensation from a one governmental
subdivision is stipulated in advance, in writing, to be not more than \$5,100
per calendar year or per school year for school employees for employment
expected to be of a full year's duration or more than the prorated portion
of \$5,100 per employment period for employment expected to be of less
than a full year's duration, except that members continue their membership
until termination of public service;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment ~~as an officer or~~
~~employee of a in one~~ *governmental subdivision are required by law to be*
a member of and to contribute to any of the plans or funds administered
by the state employees retirement system, the teachers retirement fund,
the state patrol retirement fund, the Duluth teachers retirement fund asso-
ciation, the Minneapolis teachers retirement fund association, the St. Paul
teachers retirement fund association, the Minneapolis employees retirement
fund, the Minnesota state retirement system correctional officers retirement
plan, or any police or firefighters relief association governed by section
69.77 that has not consolidated with the public employees police and fire
fund and for which the employee has not elected coverage by the public
employees police and fire fund benefit plan as provided in sections 353A.01
to 353A.10, other than as an act of the legislature has specifically enabled
participation by employees of a designated governmental subdivision in a
plan supplemental to the public employees retirement association; Min-
nesota state retirement system, the teachers retirement association, the
Duluth teachers retirement fund association, the Minneapolis teachers

retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund, or any police or firefighters relief association that has consolidated with the public employees retirement association but whose members have not elected coverage by the public employees police and fire fund as provided in sections 353A.01 to 353A.10;

(11) police matrons *who are employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;*

(12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist *residents and interns who are serving in a degree or residency program in public hospitals and students who are serving in an internship or residency program sponsored by an accredited educational institution;*

(15) appointed or elected officers, *who are paid entirely on a fee basis, and who were not members on June 30, 1971;*

(16) persons ~~holding who hold~~ a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute ~~if the service is incidental to the person's regular nonteaching occupation; the applicable technical institute stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year, and the part-time teaching service actually does not exceed 300 hours in a fiscal year; and~~

(17) persons exempt from licensure under section 125.031-; *and*

(18) *volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel.*

(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. ~~This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period. Membership eligibility of an employee who holds concurrent temporary employment of six months~~

or less and part-time positions in one governmental subdivision must be determined by the salary of each position. Membership eligibility of an employee who holds nontemporary positions in one governmental subdivision must be determined by the total salary of all positions.

(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425. Membership eligibility of an employee who holds concurrent part-time positions under paragraph (a), clause (6), must be determined by the total salary of all the positions in one governmental subdivision. If compensation from one governmental subdivision to an employee covered by this paragraph exceeds \$5,100 in a calendar year or school year after being stipulated in advance not to exceed that amount, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee's earnings first exceeded \$425.

(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.

Sec. 3. Minnesota Statutes 1988, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] "Salary" means the periodical compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees. Fees paid to district court reporters are not considered a salary. Lump sum annual or lump sum sick leave payments, severance payments, and all payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, are not deemed to be salary. Before the time that all sick leave has been used, amounts paid to an employee under a disability insurance policy or program where the employer paid the premiums are considered salary, and, after all sick leave has been used, the payment is not considered salary. Workers' compensation payments are not considered salary. *Compensation of any kind paid to volunteer ambulance service personnel, as defined in subdivision 35, is not considered salary.* For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 353A.08 following the consolidation, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodical compensation of the public employee after the

effective date of the consolidation.

Sec. 4. Minnesota Statutes 1988, section 353.01, is amended by adding a subdivision to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] An officer or employee who terminates employment but within 30 days returns to employment in the same governmental subdivision or begins employment in another position otherwise excluded from membership is considered a member from the beginning of the reemployment unless the total period covered by all periods of employment is less than six months or the amount earned does not exceed the dollar limitations in subdivision 2b, clause (7).

Sec. 5. Minnesota Statutes 1988, section 353.01, is amended by adding a subdivision to read:

Subd. 35. [VOLUNTEER AMBULANCE SERVICE PERSONNEL.] Volunteer ambulance service personnel for purposes of this chapter are basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity.

Sec. 6. Minnesota Statutes 1988, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] In the case of omission of required deductions from salary of an employee, past due for 60 days or less, the head of the department shall deduct from the employee's next salary payment and remit to the executive director the amount of the employee contribution delinquency, with the department head shall immediately, upon discovery, report the employee for membership and require employee deductions to be made in accordance with subdivision 4. Omitted employee deductions due for the 60-day period preceding enrollment must be deducted from the employee's next salary payment and remitted to the association. The employer shall pay any remaining omitted employee deductions past due and any omitted employer contributions, plus cumulative interest at the rate of six percent a year, compounded annually, from the date or dates each delinquent omitted employee contribution was first payable. The interest must be paid by the employer. Omitted required deductions past due for a period in excess of 60 days are the sole obligation of the governmental subdivision from the time the deductions were first payable, together with interest as specified in this subdivision. Any amount so due, together with employer and additional employer contributions at the rates and in the amounts specified in subdivisions 3 and 3a, with interest at the rate of six percent compounded annually from the date they were first payable, from the employer must be paid from the proceeds of a tax levy made under section 353.28 or from other funds available to the employer. Unless otherwise indicated, An employer may not hold an employee liable for omitted employee deductions due for more than the 60-day period preceding enrollment nor attempt to recover from the employee those employee deductions paid by the employer. Neither an employer nor an employee is responsible to pay omitted employee deductions when an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at the rate of six percent compounded annually from the date the contributions were first payable. This subdivision has both retroactive and prospective

application, and the governmental subdivision is liable retroactively and prospectively for all amounts due under it. ~~No action for the recovery of omitted employee and employer contributions or interest on contributions may be commenced and no payment of omitted contributions may be made or accepted unless the association has already commenced action for recovery of omitted contributions.~~ *The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. No payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions.* An action for the recovery of ~~omitted contributions or interest~~ commences ~~five calendar days after~~ on the date of the mailing of any written correspondence from the association requesting information from the governmental ~~unit that may lead to a recovery of omitted contributions~~ subdivision upon which to determine whether omitted deductions occurred.

Sec. 7. Minnesota Statutes 1988, section 353.28, subdivision 5, is amended to read:

Subd. 5. [INTEREST ON PAST DUE AMOUNTS.] Any amount which becomes due and payable pursuant to this section or section 353.27, subdivision 4, shall bear compound interest at the rate of six percent per year from the date due for the next five calendar days, and compound interest at the rate of ten percent per year for amounts past due in excess of five calendar days until the date payment is actually received in the office of the association, with a minimum charge of \$10. *Interest for past due payments of excess police state aid under section 69.031, subdivision 5, must be charged at a rate of six percent compounded annually.*

Sec. 8. Minnesota Statutes 1988, section 353.28, subdivision 6, is amended to read:

Subd. 6. [COLLECTION PROCEDURES FOR AMOUNTS DUE.] If the governmental subdivision fails to pay amounts due under this chapter *or fails to make payments of excess police state aid to the public employees police and fire fund under section 69.031, subdivision 5,* the executive director shall certify those amounts to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due in a timely fashion, the executive director shall certify amounts to the county auditor for collection. The county auditor shall collect such amounts out of the revenue of the governmental subdivision, or shall add them to the levy of the governmental subdivision and make payment directly to the association. This tax shall be levied, collected and apportioned in the manner other taxes are levied, collected and apportioned.

Sec. 9. Minnesota Statutes 1988, section 353.29, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FOR ANNUITY.] Application for a retirement annuity may be made by a member or by a person authorized to act on behalf of the member. Every application for retirement shall be made in writing on a form prescribed by the executive director and shall be substantiated ~~in writing~~ *by written proof of the member's age of the member and identity.* *No application for a retirement annuity may be considered complete until all necessary supporting documents are received by the executive director.*

Sec. 10. Minnesota Statutes 1988, section 353.29, subdivision 7, is amended to read:

Subd. 7. [ANNUITIES; ACCRUAL.] Except as to elected public officials, all retirement annuities granted under the provisions of this chapter shall commence with the first day of the first calendar month next succeeding the date of termination of public service and shall be paid in equal monthly installments, but no payment shall accrue beyond the end of the month, in which entitlement to such annuity has terminated. If the annuitant dies prior to negotiating the check for the month in which death occurs, payment will be made to the surviving spouse or if none to the designated beneficiary or if none to the estate. Any annuity granted to an elective public official shall accrue on the day following expiration of the public office held or right thereto, and the annuity for that month shall be prorated accordingly. No annuity, once granted, shall be increased, decreased, or revoked except as provided in this chapter. No annuity payment shall be made retroactive for more than three months prior to that month in which ~~application therefor shall be filed with the association a complete application is received by the executive director as provided in subdivision 4.~~

Sec. 11. Minnesota Statutes 1988, section 353.33, subdivision 1, is amended to read:

Subdivision 1. [AGE, SERVICE AND SALARY REQUIREMENTS.] Any member who becomes totally and permanently disabled before age 65 and after five years of allowable service shall be entitled to a disability benefit in an amount provided in subdivision 3. ~~If such the disabled person's public service has terminated at any time, at least three of the required five years of allowable service must have been rendered after last becoming a member. Any member whose average salary is less than \$75 per month shall not be entitled to a disability benefit. No repayment of a refund otherwise authorized pursuant to section 353.34 and A repayment of a refund may be made before the effective date of disability benefits under subdivision 2.~~ No purchase of prior service or payment made in lieu of salary deductions otherwise authorized pursuant to section 353.01, subdivision 16, 353.017, subdivision 4, or 353.36, subdivision 2, may be made after the occurrence of the disability for which an application pursuant to this section is filed.

Sec. 12. Minnesota Statutes 1988, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit ~~shall must~~ be initiated by written application in the manner and form prescribed by the executive director, ~~filed in the office of the retirement association,~~ showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit ~~and filed with the executive director.~~ A member or former member who became totally and permanently disabled during a period of membership may file application for total and permanent disability benefits within three years next following termination of public service, but not thereafter. This benefit shall begin to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the said 90 day period, from the date salary ceased whichever is later. No payment shall accrue beyond the end of the month in which entitlement has terminated. If the disability occurs prior to negotiating the check for the month in which

death occurs, payment will be made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. *An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.*

Sec. 13. Minnesota Statutes 1988, section 353.33, subdivision 5, is amended to read:

Subd. 5. [BENEFITS PAID UNDER WORKERS' COMPENSATION LAW.] Disability benefits paid shall be ~~reimbursed and future benefits shall be reduced by~~ *coordinated with* any amounts received or receivable, ~~including under workers' compensation law, such as temporary total, permanent total, temporary partial or, permanent partial, or economic recovery compensation benefits,~~ in either periodic or lump sum payments from the employer under applicable workers' compensation laws, after deduction of amount of attorney fees, authorized under applicable workers' compensation laws, paid by a disabilitant. If the total of the single life annuity actuarial equivalent disability benefit and the workers' compensation benefit exceeds: (1) the salary the disabled member received as of the date of the disability or (2) the salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater-, the disability benefit must be reduced to that amount which, when added to the workers' compensation benefits, does not exceed the greater of the salaries described in clauses (1) and (2).

Sec. 14. Minnesota Statutes 1988, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The eligibility for continuation of disability benefits shall be determined by the association, which has authority to require periodic examinations and evaluations of disabled members as frequently as deemed necessary. *Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation.* If a member is found to be no longer totally and permanently disabled and is reinstated to the payroll, payments shall be made for no more than 60 days.

Sec. 15. Minnesota Statutes 1988, section 353.33, subdivision 7, is amended to read:

Subd. 7. [PARTIAL REEMPLOYMENT.] *If, following a work or non-work-related injury or illness, a disabled person resumes a gainful occupation from which earnings are less than the salary at the date of disability or the salary currently paid for similar positions, the board shall continue the disability benefit in an amount that, when added to the earnings and workers' compensation benefit, does not exceed the salary at the date of disability or the salary currently paid for similar positions, whichever is higher, provided the disability benefit does not exceed the disability benefit originally allowed, plus any postretirement adjustments payable after December 31, 1988, in accordance with section 11A.18, subdivision 10. No deductions for the retirement fund may be taken from the salary of a disabled person who is receiving a disability benefit as provided in this*

subdivision.

Sec. 16. Minnesota Statutes 1988, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] Any member who ceases to be a public employee by reason of termination of public service, or who is on a continuous layoff for more than 120 calendar days, shall be entitled to a refund of accumulated deductions as provided in subdivision 2, or to a deferred annuity as provided in subdivision 3. *An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in that fund and becomes a member of another fund enumerated in that subdivision may receive a refund of employee contributions from the applicable funds plus five percent interest compounded annually from the fund in which the member terminated service.* Application for a refund may not be made prior to date of termination of public service, or the expiration of 120 days of layoff, and a refund shall be paid within 120 days following receipt of application, provided applicant has not again become a public employee required to be covered by the association.

Sec. 17. Minnesota Statutes 1988, section 353.35, is amended to read:

353.35 [CONSEQUENCES OF REFUND; REPAYMENT, RIGHTS RESTORED.]

When any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of ~~such~~ the refund shall terminate and shall not again be restored until the person acquires not less than 18 months allowable service credit ~~subsequent to~~ after taking the last refund and repays all refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at six percent per annum compounded annually. If more than one refund has been taken, ~~all refunds must be repaid by the person may repay all~~ refunds or only the refund for the fund in which the person had most recently been a member, with interest at six percent per annum compounded annually. All refunds must be repaid within three months of the last date of termination of public service.

Sec. 18. Minnesota Statutes 1988, section 353.64, subdivision 2, is amended to read:

Subd. 2. [DECLARATION OF POLICE OFFICER POSITION.] Before a governing body may declare a position to be that of a police officer, the duties of the person so employed ~~shall~~ must, as a minimum, include ~~services~~ employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.855, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant. *A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service if a resolution declaring that the primary position held by the person is that of a police officer is adopted by the governing body of the department and is promptly submitted to the executive director.*

Sec. 19. Minnesota Statutes 1988, section 353.64, subdivision 3, is

amended to read:

Subd. 3. [DECLARATION OF FIREFIGHTER POSITION.] Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed ~~shall~~ *must*, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting. *A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service if a resolution declaring that the primary position held by the person is that of a firefighter is adopted by the governing body of the company or companies and is promptly submitted to the executive director.*

Sec. 20. Minnesota Statutes 1988, section 353.656, subdivision 4, is amended to read:

Subd. 4. [REDUCTION OF DISABILITY BENEFITS IN CERTAIN INSTANCES.] No member shall receive any disability benefit payment when there remains to the member's credit unused annual leave or sick leave or under any other circumstances; when, during the period of disability, there has been no impairment of salary ~~and~~. Should ~~such~~ *the* member resume a gainful occupation with earnings less than the salary earned at the date of disability or the salary currently paid for similar positions, the association shall continue the disability benefit in an amount which when added to ~~such workers' compensation benefits and actual~~ earnings does not exceed the salary earned at the date of disability or the salary currently paid for similar positions, whichever is higher; ~~provided~~. *In no event may the disability benefit in such case does not exceed the disability benefit originally allowed. In the event that the total amount is higher, the executive director shall reduce the disability benefit by the amount of the excess.*

Sec. 21. [REPEALER.]

Minnesota Statutes 1988, sections 353.01, subdivision 2c; 353.661; and 353.662, are repealed.

Sec. 22. [EFFECTIVE DATE.]

(a) Sections 1; 2, other than clause (18); 4; and 6 to 21 are effective July 1, 1989.

(b) The past due excess police state aid interest charge provided for in section 7 is retroactive to July 1, 1989.

(c) Sections 2, clause (18); 3; and 5 are effective retroactively to July 1, 1988.

ARTICLE 3

TEACHERS RETIREMENT

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1988, section 136.81, subdivision 1, is amended to read:

Subdivision 1. [SUPPLEMENTAL PLAN CONTRIBUTION AMOUNTS.] There shall be deducted from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the portion of the person's annual salary paid between \$6,000 and \$15,000. The deduction

is to be made in the same manner as other retirement deductions are made from the salary of the person only after the first \$6,000 has been paid in a fiscal year. The ~~state~~ employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the person. The moneys so deducted and the ~~state~~ employer contribution shall be deposited to the credit of the state university and community college supplemental retirement plan account of the teachers retirement fund. The account is hereby established and shall be separate and distinct from other funds, accounts, or assets of the teachers retirement fund. ~~The money required to meet the obligation of the state as provided in this subdivision shall be contributed to the executive director of the teachers retirement association by the state~~ Two percent of the amount of the salary deductions and employer contributions must be credited to the administrative expense reserve account of the supplemental retirement plan and must be used for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65.

Any deductions which are taken from the salary of a person for the supplemental retirement plan in error shall upon discovery and verification be refunded to the person. Any related employer contributions must be refunded to the employer. The ~~retirement board~~ executive director shall establish a reserve which ~~shall must~~ reflect any gains or losses realized due to the purchase and redemption of shares representing salary deductions and ~~state~~ employer contributions which were made in error. The balance of the reserve ~~shall remaining after the refund of contributions made in error must be credited annually to the cancellation reserve established pursuant to section 136.82, subdivision 1, clause (5)~~ administrative expense reserve account.

If any ~~payroll~~ salary deductions which are required pursuant to under this section are omitted, the amount of the omitted salary deductions shall may be remitted by the person to the supplemental retirement plan investment account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and at the time of the receipt of 90 days following the association's written notification to the person of the omission, but not thereafter. If the omitted salary deductions are received from the person, the required ~~state~~ employer contribution shall then must be made paid by the employer within 30 days after the association's written notification to the employer of the amount due.

Sec. 2. Minnesota Statutes 1988, section 136.82, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an employee's share account record under the following circumstances, but always in accordance with the laws and rules governing the Minnesota supplemental retirement investment fund:

(b) The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director by a person having shares to the credit of the employee's share account record if the person is age 55 or older and is no longer employed by the state university board or state board for community colleges. In such case the person must receive the cash realized on the redemption of the

shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year.

(c) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director, by a person having shares to the credit of the employee's share account record if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14. If the executive director finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person owes no restitution to the state or a fund established by its laws for a redemption under this paragraph.

(d) The executive director shall redeem shares under this subdivision in the event of the death of a person having shares to the credit of the employee's share account record and leaving a surviving spouse, when requested to do so in writing, on forms provided by the executive director, by the surviving spouse. The surviving spouse must receive the cash realized on the redemption of the shares. The surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, at their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse must receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record must be redeemed by the executive director and the cash realized from the redemption must be distributed to the estate of the surviving spouse.

(e) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no surviving spouse, the executive director shall redeem all shares to the credit of the employee's share account record and pay the cash realized from the redemption to the estate of the deceased person.

(f) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive

director, by a person having shares to the credit of the employee's share account record if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs (b) to (e). In that case, *the applicable person is entitled, upon application, to receive one-half of the cash realized on the redemption of shares must be received by the person and one-half becomes the property must be credited to the administrative expense reserve account of the supplemental retirement plan account of the teachers retirement fund for payment of necessary and reasonable administrative expenses of the supplemental retirement plan as provided in section 354.65. Annually on July 1 the cancellations of the previous 12 months must be prorated among the employees share accounts in proportion to the value that each account bears to the total value of all share accounts.*

Sec. 3. Minnesota Statutes 1988, section 136.82, subdivision 2, is amended to read:

Subd. 2. [REDEMPTION OF SHARES AS AN ANNUITY.] A person who has shares to the credit of the employee's share account record, who is 55 years of age or older and who is no longer employed by the state university board or the state board for community colleges or who is totally and permanently disabled pursuant to subdivision 1, paragraph (2) (c), or who has the status of a surviving spouse of a person who has shares to the credit of the employee's share account pursuant to subdivision 1, paragraph (3) (d), may redeem all or part of the shares to purchase an annuity by depositing the cash realized upon redemption with the executive director of the teachers retirement fund and receive in exchange an annuity for life or an optional annuity as hereinafter provided. The election to purchase an annuity may be made only once by any individual. If an election is made before the date on which the person is entitled to request redemption, the redemption shall not be made prior to the date upon which the person would be entitled to make the request. The annuity purchase rates shall be based on the annuity table of mortality adopted by the board of trustees of the teachers retirement fund for the fund as provided in section 354.07, subdivision 1, using the interest assumption specified in section 356.215, subdivision 4d. The amount of the annuity for life shall be that amount which has a present value equal to the cash realized on the redemption of the shares as of the first day of the month next following the date of the election to purchase an annuity. The board of trustees of the teachers retirement fund shall establish an optional joint and survivor annuity, an optional annuity payable for a period certain and for life thereafter, and an optional guaranteed refund annuity paying the annuitant a fixed amount for life with the guarantee that in the event of death the balance of the cash realized from the redemption of shares is payable to the designated beneficiary. The optional forms of annuity shall be actuarially equivalent to the single life annuity as defined in section 354.05, subdivision 7. In establishing these optional forms, the board of trustees shall obtain the written recommendation of the actuary retained by the legislative commission on pensions and retirement, and these recommendations shall be a part of the permanent records of the board of trustees.

Sec. 4. Minnesota Statutes 1988, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the compensation ~~paid to a teacher excluding~~, upon which member contributions are required and made, that is paid to a teacher before any allowable reductions permitted

under the Internal Revenue Code, as amended, for employee selected fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these items.

(b) "Salary" does not mean:

(1) lump sum annual ~~or~~ leave payments;

(2) lump sum sick leave payments ~~and all~~;

(3) payments in lieu of any employer paid group insurance coverage, including the difference between single and family premium rates, that may be paid to a member with single coverage; ~~"Salary" does not mean;~~

(4) any form of payment made in lieu of any other employer paid fringe benefit or expense; ~~or~~;

(5) any form of severance payments;

(6) workers' compensation payments; or

(7) disability insurance payments including self-insured disability payments.

Subd. 35a. [SEVERANCE PAYMENTS.] Severance payments include, but are not limited to:

~~(a)~~ (1) payments to an employee to terminate employment;

~~(b)~~ (2) payments, or that portion of payments, that are not clearly for the performance of services by the employee to the employer; ~~and~~

~~(c)~~ (3) payments to an administrator or former administrator serving as an advisor to a successor or as a consultant to the employer under an agreement to terminate employment within two years or less of the execution of the agreement for compensation that is significantly different than the most recent contract salary; and

(4) payments under a procedure that allows the employee to designate the time of payment if the payments are made during the period of formula service credit used to compute a benefit or annuity under section 354.44, subdivision 6 or 7; 354.46, subdivision 1 or 2; or 354.48, subdivision 3.

Sec. 5. Minnesota Statutes 1988, section 354.05, subdivision 37, is amended to read:

Subd. 37. [TERMINATION OF TEACHING SERVICE.] "Termination of teaching service" means the withdrawal of a member from active teaching service by resignation or the termination of the member's teaching contract by the employer. A member is not considered to have terminated teaching service if, before the effective date of the termination or retirement, the member has entered into a contract to resume teaching service with an employing unit covered by the provisions of this chapter.

Sec. 6. Minnesota Statutes 1988, section 354.07, subdivision 3, is amended to read:

Subd. 3. [LEGAL ADVISOR; LAWSUITS; VENUE.] The attorney general shall be legal advisor to the board and the executive director. The board may sue or be sued or petitioned under section 7 in the name of the board of trustees of the teachers retirement fund ~~and~~. In all actions brought by or against it the board shall be represented by the attorney general. Except as provided in section 7, subdivision 9, venue of all actions is in

the Ramsey county district court.

Sec. 7. [354.071] [APPEALS PROCEDURE.]

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the following terms have the meanings given.

(a) "Documentation" includes, but is not limited to:

(1) sworn and notarized affidavits made on the personal knowledge of any person;

(2) official letters or documents;

(3) documents from the file of the petitioner; and

(4) other relevant documents that are admissible as evidence in a court of law.

(b) "Executive director" means the executive director of the teachers retirement association.

(c) "Person" includes any state institution, school district, or other governmental unit that employs persons covered under statutes listed in subdivision 2.

(d) "Record" means:

(1) the petition and the documentation that the petitioner submits with a petition;

(2) the executive director's answer to the petition and the documentation submitted with it; and

(3) the documentation that the board allows to be submitted in connection with the hearing on the petition if submitted in a timely fashion.

Subd. 2. [NOTICE OF TERMINATION OR DENIAL.] If the executive director terminates a benefit or denies an application or a written request of any person claiming a right under this chapter or the applicable sections of chapters 136, 355, and 356, the executive director shall serve upon that person a written notice. The notice must contain:

(1) the reasons for the termination or denial;

(2) notification that the person may petition the board for a review of the termination or denial and that the petition for review must be filed within 60 days of the receipt of the written notice;

(3) a statement that failure to petition the board within 60 days will preclude the person from contesting, in any other court procedure or administrative hearing, the issues determined by the executive director; and

(4) a copy of this section.

Subd. 3. [PETITION FOR REVIEW.] A person who claims a right under the statutory provisions listed in subdivision 2 and whose benefit has been terminated or whose application or written request has been denied may petition for a review of that decision by the board. A petition under this section must be served upon the executive director personally, or by mail postmarked no later than 60 days after the petitioner received the notice required by subdivision 2. The petition must include the sworn, notarized statement of the reasons the petitioner believes the decision of the executive

director should be reversed or modified and may include relevant documentation.

Subd. 4. [ANSWER; RECORD FOR HEARING.] Within a reasonable time after receiving a petition, the executive director shall serve the petitioner with an answer to the petition with all relevant documentation and with notice of the time and place of the regular or special board meeting at which the board will consider the petition. The documentation need not duplicate the documentation submitted by the petitioner. Not later than ten days before the board meeting at which the petition will be heard and at the time that the petition is considered by the board, the executive director shall deliver a copy of the relevant documentation to each board member personally or by mail. Each board member who participates in the decision on the petition must be familiar with all relevant documentation.

Subd. 5. [HEARING.] The board shall hold a timely hearing on a petition for review. The board must make its decision on a petition solely on the relevant documentation as submitted and the proceedings of the hearing. At the hearing, the petitioner, the petitioner's attorney, and the executive director may state and discuss with the board their positions with respect to the petition. The board may allow further documentation to be placed in the record at or subsequent to the board meeting at which the petition is considered. If the board allows additional documentation into the record at or subsequent to the board meeting, it may make a final determination on the petition at that board meeting only upon the agreement of both the petitioner and the executive director.

Subd. 6. [TERMINATION OF BENEFITS.] If the executive director proposes to terminate a benefit that is being paid to any person, before terminating the benefit, the executive director, in addition to the other procedures prescribed in this section, shall give the person written or oral notice of the proposed termination. The notice must explain the reason for the proposed termination. The person must be given an opportunity to explain, orally or in writing, why the benefit should not be terminated. If the executive director is unable to contact the person and the executive director determines that a failure to terminate the benefit might result in unauthorized payment by the association, the executive director may terminate the benefit with only a written notice containing the information required by subdivision 2, mailed to the address to which the benefit was last sent and, if that address is a financial institution, to the last known address of the person.

Subd. 7. [MEDICAL ADVISOR ACTION.] If a person petitions the board to reverse or modify a determination by the executive director finding that the petitioner, for medical reasons, does not or has ceased to qualify for a disability benefit, the board may resubmit the matter to the medical advisor for reconsideration, with or without instructions to obtain further medical examinations. The board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical opinion contrary to the opinion of the medical advisor in the record and the medical advisor asserts that the decision was made in accordance with the disability standard in section 354.05, subdivision 14, the board must follow the determination of the medical advisor. The board may make a determination different from the recommendation of the medical advisor on issues that do not involve a medical opinion.

Subd. 8. [BOARD FINDINGS.] After the board has made a decision on a petition, the executive director shall prepare findings of fact, the board's reasons for its conclusions, and the board's final order for the signature of the chair or other board member as the board, by resolution, may designate. The executive director shall serve the findings, conclusions, and order on the petitioner by certified mail.

Subd. 9. [APPEALS.] Within 30 days of receipt of the findings, conclusions, and final order, the petitioner may appeal the board's decision by writ of certiorari to the court of appeals. Failure to appeal within 30 days precludes the petitioner from later raising, in any court procedure or administrative hearing, those substantive and procedural issues that reasonably should have been raised upon appeal.

Subd. 10. [REFERRAL FOR ADMINISTRATIVE HEARING.] Notwithstanding sections 14.03; 14.06; and 14.57 to 14.69, a challenge to a determination of the executive director must be conducted exclusively under the procedures in this section. The board in its sole discretion may refer a petition brought under this section to the office of administrative hearings for a contested case hearing under sections 14.57 to 14.69.

Subd. 11. [PETITION WITHOUT NOTICE.] A person who is not entitled to notice of a right of review under this section may nevertheless receive review of a decision of the executive director that affects the person's rights by petitioning the board under this section within 60 days of the time the person knew or should have known of the disputed decision.

Sec. 8. Minnesota Statutes 1988, section 354.091, is amended to read:
354.091 [SERVICE CREDIT.]

In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered shall constitute a year under sections 354.05 to 354.10, provided such year is not less than the legal minimum school year of this state. No person shall be allowed credit for more than one year of teaching service for any fiscal year. Commencing July 1, ~~1969~~ 1961, (1) if a teacher teaches only a fractional part of a day, credit shall be given for a day of teaching service for each five hours taught, and (2) if a teacher teaches at least 170 full days in any fiscal year credit shall be given for a full year of teaching service, and (3) if a teacher teaches for only a fractional part of the year credit shall be given for such fractional part of the year as the term of service rendered bears to 170 days. Teaching service performed prior to July 1, ~~1969~~ 1961, shall be computed pursuant to the law in effect at the time it was rendered.

In no event shall any teacher lose or gain retirement service credit as a result of the employer converting to a four day work week. If the employer does convert to a four day work week, the forms for reporting and procedures for determining service credit shall be determined by the executive director with the approval of the board of trustees.

Sec. 9. Minnesota Statutes 1988, section 354.092, is amended to read:
354.092 [SABBATICAL LEAVE.]

~~A member who is granted a sabbatical leave may receive allowable service credit not exceeding three years in any ten consecutive years toward a retirement annuity by paying into the fund employee contributions during the period of leave. The employee contribution shall be based upon the appropriate rate of contributions and the salary received during the year~~

immediately preceding the leave. This payment shall be made by the end of the fiscal year following the fiscal year in which the leave of absence terminated, and shall be without interest. A member shall not accrue more than three years allowable service by reason of this section unless the allowable service credit was paid for by the member prior to July 1, 1962. A sabbatical leave for the purpose of this section shall be compensated by a minimum of one-third of the salary the member received for a comparable period during the prior fiscal year. *Before the end of the fiscal year during which any sabbatical leave begins, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.* Deductions for employee contributions at the applicable rate specified in section 354.42 must be made by the employing unit from salary paid to the member for a sabbatical leave. The member may also make direct payment of employee contributions at the appropriate rates specified in section 354.42 based upon the difference between the salary received for the sabbatical leave and the salary received for a comparable period during the year immediately preceding the leave. This direct payment must be made by the end of the fiscal year following the fiscal year in which the leave of absence terminated and must be without interest. If the employee contributions during the period of the leave made under this section are less than the employee contributions based on the salary received made for a comparable period during the year immediately preceding the leave, the allowable and formula service credit of the member shall be prorated according to section 354.05, subdivision 25, clause (3), except that if the member is paid full salary for any sabbatical leave of absence, either past or prospective, the allowable and formula service credit shall not be prorated. A member may not receive more than three years of allowable service credit in any ten consecutive years under this section unless the allowable service credit was paid for by the member before July 1, 1962. For sabbatical leaves ~~taken that begin after June 30, 1986, the required employer contribution, including the amortization amount~~ contributions specified in section 354.42, subdivisions 3 and 5, shall must be paid by the employing unit within 30 days after the association's written notification ~~by the association to the employing unit of the amount due.~~

Sec. 10. Minnesota Statutes 1988, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive such the annuity or benefit. Upon completion of the proper forms as provided by the ~~board~~ executive director, the annuity or benefit amount may be electronically transferred or the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account or joint account with a the recipient's spouse. The board shall prescribe the conditions which shall govern governing these procedures.

Sec. 11. Minnesota Statutes 1988, section 354.35, is amended to read:

~~354.35 [RETIREMENT BEFORE BECOMING ELIGIBLE FOR SOCIAL SECURITY OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE AGE 65.]~~

~~Any~~ A coordinated member who retires before becoming eligible for social security retirement benefits, age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for

different annuity amounts over different periods of retirement. The election of this optional *accelerated* retirement annuity shall be exercised by making an application to the board on a form provided by the board. The optional *accelerated retirement* annuity shall take the form of an annuity payable for the period before the member attains the age of 65 years in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but ~~equal insofar as possible to the social security old age retirement benefit and the adjusted retirement annuity amount payable immediately after the annuitant becomes eligible for social security old age retirement benefits in an amount less than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement. The social security leveling option may be calculated based on broad average social security old age retirement benefits.~~ the optional *accelerated retirement* annuity ~~shall must~~ be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount ~~shall must~~ be paid until the ~~member retiree~~ reaches the age of 65 and at which that time the payment from the association ~~shall must~~ be reduced. *For each year the retiree is under age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section.* The method of computing the optional *accelerated* retirement annuity provided in this section shall be established by the board of trustees. In establishing the method of computing the optional *accelerated* retirement annuity, the board of trustees ~~shall must~~ obtain the written ~~recommendation approval~~ of the commission-retained actuary. The ~~recommendations shall written approval must~~ be a part of the permanent records of the board of trustees.

Sec. 12. Minnesota Statutes 1988, section 354.42, subdivision 7, is amended to read:

Subd. 7. [ERRONEOUS SALARY DEDUCTIONS OR DIRECT PAYMENTS.] ~~(4)~~ (a) Any deductions taken from the salary of an employee for the retirement fund in error shall ~~be refunded to the employee upon discovery and verification by the school district or institution employing unit making the deduction, be refunded to the employee and the corresponding employer contribution and additional employer contribution amounts attributable to the erroneous salary deduction must be refunded to the employing unit.~~

~~(2) In the event~~ (b) If salary deductions and employer contributions were erroneously transmitted to the retirement fund and should have been transmitted to another public pension fund enumerated in section 356.30, subdivision 3, the retirement fund must transfer these salary deductions and employer contributions to the appropriate public pension fund without interest.

(c) If a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check has been returned to the funds of the ~~school district or institution employing unit making the payment, a refundment refund of the sum so amount deducted, or any portion of it as that is required to adjust the salary deductions, shall be made to the school district or institution provided application for it is made on a form furnished by the retirement board employing unit.~~

(d) Any erroneous direct payments of member paid contributions or

erroneous salary deductions that were not refunded in the regular processing of an employing unit's annual summary report must be refunded to the member with interest computed in accordance with section 354.49, subdivision 2.

Sec. 13. Minnesota Statutes 1988, section 354.44, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FOR RETIREMENT.] ~~Retirement may~~ *Application for retirement must be made upon application of by the member or of by someone acting authorized to act in the member's behalf. Application must be made on a form prescribed by the executive director.*

Sec. 14. Minnesota Statutes 1988, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] Any person who retired under ~~any provision of any retirement law applicable to schools and institutions covered by~~ the provisions of this chapter and has thereafter resumed teaching in any school or institution employer unit to which this chapter applies ~~shall be eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during any the calendar year immediately following any calendar year in which the person's income from the teaching service is in an amount equal to or greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to under the provisions of United States Code, title 42, section 403. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.~~

If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

After a person has reached age 70, no reemployment income maximum is applicable regardless of the amount of income. For the purpose of this subdivision, income from teaching service shall include includes, but is not limited to:

(a) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(b) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

In the event that the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person

shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits. The amount in excess of the applicable reemployment income maximum specified in this subdivision shall be deducted from the annuity payable for the year immediately following the year in which the excess amount was earned. After a person has reached the age of 70, the person shall receive the annuity in full regardless of the amount of income.

Sec. 15. Minnesota Statutes 1988, section 354.44, subdivision 8, is amended to read:

Subd. 8. [ANNUITY PAYMENT; EVIDENCE OF RECEIPT.] ~~Payment of an annuity or benefit for a given month shall must be paid during the first week of that month. Evidence of receipt of the check issued or acknowledgment of the amount electronically transferred in payment of an annuity or benefit shall be submitted by may be required from the payee or a banking institution on a form prescribed by the executive director. The evidence of receipt form shall may be submitted required periodically at times specified by the board. In the event the required evidence of receipt form is not submitted required, future annuities or benefits shall must be withheld until the form is submitted.~~

Sec. 16. Minnesota Statutes 1988, section 354.47, subdivision 2, is amended to read:

Subd. 2. [BENEFITS OF \$500 \$1,500 OR LESS.] If a member or a former member dies without having a surviving designated a beneficiary, ~~or if the beneficiary should die before making application for the refundment and the amount to the credit of such deceased member or former member, and the amount of the benefit the decedent is \$500 \$1,500 or less, the retirement board of trustees may 90 days after the date of death of the member or former member, in the absence of probate proceedings, make payment to the surviving spouse of the deceased member or former members, or, if none to the next of kin under the laws of descent of the state of Minnesota and such decedent. This payment shall be a bar to recovery of this payment from the association by any other person or persons. Any accrued retirement allowance or annuity which shall have accrued at the time of death of an annuitant, disability, or survivor benefit, may be paid in like the same manner.~~

Sec. 17. Minnesota Statutes 1988, section 354.48, subdivision 1, is amended to read:

Subdivision 1. [AGE, SERVICE AND SALARY REQUIREMENTS.] ~~Any A member who became totally and permanently disabled after is totally and permanently disabled and has at least five years of credited allowable service shall be at the time that the total and permanent disability begins is entitled to a disability benefit based on this allowable service in an amount provided in subdivision 3. If such the disabled person's member's teaching service has terminated at any time, at least three of the required five years of allowable service must have been rendered after last becoming a member. Any member whose average salary is less than \$75 per month shall is not be entitled to disability benefits.~~

Sec. 18. Minnesota Statutes 1988, section 354.48, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS.] Any person described in subdivision 1, or

another person authorized to act on behalf of the person, may make application for a total and permanent disability benefit only within the ~~18 months~~ 18-month period following the termination of teaching service but not thereafter. This benefit shall begin to accrue accrues from the day following the commencement of disability or the day following the date on last day for which salary ceases is paid, whichever is later, but shall may not begin to accrue more than 90 days prior to before the date the application is filed with the board. If salary is being received for either annual or sick leave during the period, payments shall accrue from the date day following the last day for which this salary ceases is paid.

Sec. 19. Minnesota Statutes 1988, section 354.65, is amended to read:
354.65 [ADMINISTRATIVE EXPENSES.]

Necessary and reasonable administrative expenses incurred by the teachers retirement association shall must be prorated and allocated to the teachers retirement fund, and the organization's participation in both the Minnesota variable annuity investment fund, the Minnesota postretirement investment fund and the Minnesota supplemental investment retirement fund must be in accordance with policies and procedures established by the board of trustees of the teachers retirement association.

Sec. 20. [354A.095] [MATERNITY LEAVE.]

A basic or coordinated member of the St. Paul teachers retirement fund association and old or new coordinated members of the Duluth teachers retirement fund association, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the applicable fund by the end of the fiscal year following the fiscal year in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary upon return to teaching service and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

Sec. 21. Minnesota Statutes 1988, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 and who has resumed teaching service for the school district in which the teachers retirement fund association exists shall be entitled to continue to receive retirement annuity payments, except that for any person under the age of 72 years during any quarter in which the person's compensation for the teaching service is in an amount equal to or greater than the quarterly maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to the provisions of United States Code, title 42, section 403. In the event that the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person shall be equal to the quarterly maximum earnings allowable for the minimum age for the receipt of social security benefits.

The amount in excess of the applicable reemployment income maximum specified in this subdivision shall be deducted from the retirement annuity payment payable for the quarter immediately following the quarter in which the excess amount was earned. Any person to whom this subdivision applies who has reached the age of at least 72 years shall be entitled to continue to receive retirement annuity payments in full that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program, as set by the Secretary of Health and Human Services under the provisions of United States Code, title 42, section 403. The amount of the reduction must be one-half the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

After a person has reached age 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

Sec. 22. Minnesota Statutes 1988, section 356.30, subdivision 2, is amended to read:

Subd. 2. [REPAYMENT OF REFUNDS.] ~~Any~~ A person who is employed has service credit in a position covered by one of the funds enumerated in subdivision 3 and who is employed or was formerly employed in a position covered by one of these funds, but also has received a refund from any other of such these funds, may repay such the refund to the respective fund under such terms and conditions as that are consistent with the laws governing such the other fund, except that the person need not be a currently contributing member of the fund to which the refund is repaid at the time the repayment is made. Unless otherwise provided by statute, the repayment of a refund under this subdivision may only be made within six months following termination of employment from a position covered by one of the funds enumerated in subdivision 3 or before the date of retirement from the fund to which the refund is repaid, whichever is earlier.

Sec. 23. Minnesota Statutes 1988, section 356.371, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENT OF NOTICE TO MEMBER'S SPOUSE.] If a public pension fund provides optional retirement annuity forms which that include a joint and survivor optional retirement annuity form potentially applicable to the surviving spouse of a member, the chief administrative officer of the public pension fund shall send a copy of the written statement required by subdivision 2 to the spouse of the member prior to before the member's election of an optional retirement annuity.

Following the election of an *optional retirement annuity* form by the member, a copy of the completed *retirement annuity application* ~~shall and retirement annuity beneficiary form~~ must be sent ~~by certified mail~~ by the public pension fund to the spouse of the retiring member. A signed acknowledgment must be required from the spouse confirming receipt of a copy of the completed retirement annuity application and retirement annuity beneficiary form. If the required signed acknowledgment is not received from the spouse within 30 days, the public pension fund shall send another copy of the completed retirement annuity application and retirement annuity beneficiary form to the spouse by certified mail.

Sec. 24. Minnesota Statutes 1988, section 356.80, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION FOR A PENDING MARRIAGE DISSOLUTION.] (a) Upon written request by a person with access to the data under subdivision 3 who cites this statute, a public or private pension plan administrator must provide the court and the parties to a marriage dissolution action involving a plan member or former plan member with information regarding pension benefits or rights of the plan member or former plan member. The pension plan shall provide this information upon request of the court or a party to the action without requiring a signed authorization from the plan member or former plan member.

(b) The information must include the pension benefits or rights of the plan member or former plan member as of the first day of the month following the date of the request, *or as of the end of the previous fiscal year for the plan*, and as of the date of valuation of marital assets under section 518.58, if the person requesting the information specifies that date. The information must include the accrued service credit of the person, the credited salary of the person for the most current five-year period, a summary of the benefit plan, and any other information relevant to the calculation of the present value of the benefits or rights.

Sec. 25. Minnesota Statutes 1988, section 356.80, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO DATA.] Notwithstanding any provision of chapter 13 to the contrary, an administrator may release private or confidential data on individuals to the court, the parties to a marriage dissolution, their attorneys, and an actuary appointed under section 518.582, to the extent necessary to comply with this section, *but only if the administrator has received a copy of the legal petition showing that an action for marriage dissolution has commenced and a copy of the affidavit of service showing that the petition has been served on the responding party to the action.*

Sec. 26. [356.81] [QUALIFIED ROLLOVERS.]

Repayment of a refund and interest on that refund permitted under laws governing any public pension plan in Minnesota may be made with funds distributed from a plan qualified under the Internal Revenue Code of 1986, as amended through December 31, 1988, section 401(a) or an annuity qualified under the Internal Revenue Code, section 403(a). Repayment may also be made with funds distributed from an individual retirement account used solely to receive a nontaxable rollover from that type of a plan or annuity. The repaid refund must be separately accounted for as member contributions not previously taxed. Before accepting any transfers to which this subdivision applies, the executive director must require the

member to provide written documentation to demonstrate that the amounts to be transferred are eligible for a tax-free rollover and qualify for that treatment under the Internal Revenue Code.

Sec. 27. [REPEALER.]

Minnesota Statutes 1988, sections 136.88, subdivision 3; 354.41, subdivision 3; 354.531; 354.532; 354.55, subdivision 5; and 354.56, are repealed.

Sec. 28. [EFFECTIVE DATE.]

Sections 2 to 13 and 15 to 27 are effective the day following final enactment. Section 1 is effective July 1, 1989. Section 14 is effective January 1, 1989.

ARTICLE 4

STATE UNIVERSITY AND COMMUNITY COLLEGE
INDIVIDUAL RETIREMENT ACCOUNT PLAN AND
SUPPLEMENTAL RETIREMENT PLAN AMENDMENTS

Section 1. Minnesota Statutes 1988, section 136.80, subdivision 1, is amended to read:

Subdivision 1. [SUPPLEMENTAL PLAN MEMBERSHIP.] A *The* supplemental retirement plan for personnel employed by the state university board and the state board for community colleges who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full time contract is hereby established and shall be governed pursuant to sections 136.81 to 136.85. ~~Any~~ An unclassified employee who is employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience, or public service employment as an enrollee under the federal comprehensive employment and training act ~~shall~~ may not be included in the supplemental retirement plan provided for in sections 136.81 to 136.85 ~~from and~~ after March 30, 1978, unless the unclassified employee has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by section 136.81 on account of that unclassified employee from revenue sources other than funds provided under the federal comprehensive employment and training act, or the unclassified employee agrees in writing to make the employer contribution required by section 136.81 in addition to the member contribution.

Sec. 2. Minnesota Statutes 1988, section 136.81, subdivision 1, is amended to read:

Subdivision 1. [DEDUCTIONS.] ~~There shall be deducted~~ *The state university board and the state board for community colleges shall deduct* from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the ~~portion of the~~ person's annual salary paid between \$6,000 and \$15,000. The deduction is to be made in the same manner as other retirement deductions are made from the salary of the person ~~only after the first \$6,000 has been paid in a fiscal year.~~ *The state employer shall make a contribution to the plan on behalf of every covered person in an amount equal to the deductions made from the salary of the*

person. *If an agreement under section 13 provides for additional employer contributions, an amount equal to the additional employer contribution must be deducted from the person's salary in excess of \$15,000 as specified in this subdivision. Employer contributions may not exceed \$2,000 a year. The ~~moneys so~~ money deducted and the state contribution ~~shall~~ must be deposited to the credit of the state university and community college supplemental retirement plan account of the teachers retirement fund. The account is ~~hereby established and shall~~ must be separate and distinct from other funds, accounts, or assets of the teachers retirement fund. The money required to meet the obligation of the ~~state~~ employer as provided in this subdivision ~~shall~~ must be contributed to the executive director of the teachers retirement association by the ~~state~~ employer.*

Any Deductions ~~which are~~ taken from the salary of a person for the supplemental retirement plan in error ~~shall~~ must, upon discovery and verification, be refunded to the person. The retirement board shall establish a reserve ~~which shall reflect~~ reflecting any gains or losses realized due to the purchase and redemption of shares representing salary deductions and ~~state employer~~ contributions ~~which were~~ made in error. The balance of the reserve ~~shall~~ must be credited annually to the cancellation reserve established ~~pursuant to under~~ section 136.82, subdivision 1, clause (5).

If ~~any~~ payroll deductions ~~which are~~ required ~~pursuant to under~~ this section are omitted, the deductions ~~shall~~ must be remitted to the supplemental retirement plan investment account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and, at the time of the receipt of the omitted deductions, the required state contribution ~~shall then~~ must be made.

Sec. 3. Minnesota Statutes 1988, section 354.05, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTIONS.] Notwithstanding subdivision 2, a person who is first employed as a teacher in the state university system or the state community college system after June 30, ~~1988~~ 1989, is not a member of the fund *except for purposes of social security coverage* unless the person is covered by section 354B.02, subdivision 2, and has exercised an option under that subdivision to remain a member of the fund *for all purposes*.

Sec. 4. Minnesota Statutes 1988, section 354.05, subdivision 5, is amended to read:

Subd. 5. [MEMBER OF FUND.] The term "member of fund" means every teacher who joins and contributes to the teachers retirement fund as provided in this chapter who has not retired-, *except a teacher covered by section 354B.02, subdivision 2 or 3, who elects to participate in the individual retirement account plan under chapter 354B.*

Sec. 5. Minnesota Statutes 1988, section 354.66, subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary schools, secondary schools, or technical institutes-, *or in the community college system or the state university system of the state who has 20 years or more of allowable service in the fund or 20 years or more of full time teaching service in Minnesota public elementary schools, secondary schools, or technical institutes-, or in the community college system or the state university system, or a teacher in the community college system or state university system who has attained at least age 55 and has ten years or more of full-time teaching service,*

may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position.

Sec. 6. [354B.015] [SOCIAL SECURITY COVERAGE.]

Plan participants under section 354B.02, subdivision 1, and persons electing participation under section 354B.02, subdivision 2 or 3, remain members of the teachers retirement association for purposes of social security coverage only and remain covered by the applicable agreement entered into under section 355.02, but are not members of the association for any other purpose while employed in covered employment.

Sec. 7. Minnesota Statutes 1988, section 354B.02, is amended to read:
354B.02 [COVERED PERSONS.]

Subdivision 1. [PLAN PARTICIPANTS.] Except as provided in subdivision 2, a person who was first employed in covered employment after June 30, ~~1988~~ 1989, shall participate in the plan.

Subd. 2. [PERSONS WITH CERTAIN PRIOR SERVICE.] A person with prior service as a member of the teachers retirement association other than in covered employment under section 354B.01, subdivision 2 or 3, ~~who is entitled to a deferred annuity under section 354.55, subdivision 11, and~~ who is first employed in covered employment after June 30, ~~1988~~ 1989, may, at the person's option, remain a member of the teacher's retirement association *for all purposes or elect to participate in the plan within 60 days after the start of covered employment.*

Subd. 3. [OPTIONAL PARTICIPATION.] *A person who was first employed in covered employment before July 1, 1989, and who is a coordinated member of the teachers retirement association, may elect on a form provided by the executive director to transfer retirement coverage to the plan under section 8. An election to transfer retirement coverage to the plan must be made before July 1, 1992, and is irrevocable. When a member transfers coverage to the plan, all existing service credits with the association to which the person was entitled before the transfer terminate and may not be restored.*

Sec. 8. [354B.03] [COVERAGE TRANSFER.]

Subdivision 1. [PROCEDURE.] *If a person elects a transfer to the plan under section 7, subdivision 3, the executive director of the teachers retirement association shall transfer from the teachers retirement fund to the plan the person's member contributions and an equal amount representing the matching employer contributions plus interest compounded annually at the rates established by the board of trustees to determine retirement annuities under section 354.44, subdivision 2, but not to exceed eight percent a year. The transfer must be made within 90 days from the date the executive director receives notification of the election. The employer contribution transfer may not include an amount representing an employer additional contribution or an amount representing the repayment of a refund received by the association after the date of enactment of this act.*

Subd. 2. [LIMITATIONS.] *A transfer to the plan under this section is a transfer to the financial institution selected by a plan administrator to provide annuity contracts or custodial accounts and must be made through the governing board of the system in which the person electing the transfer is employed in covered employment. No amount may be distributed to the person electing the transfer.*

Sec. 9. Minnesota Statutes 1988, section 354B.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer of persons in covered employment who participate in the plan shall make an employer contribution to the plan in an amount equal to the amount prescribed by section 354.42, subdivision 3, and shall continue to make an additional employer contribution to the teachers retirement association in an amount equal to the amount prescribed by section 354.42, subdivision 5.

Sec. 10. Minnesota Statutes 1988, section 354B.05, subdivision 3, is amended to read:

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The state university board and the community college board shall select no more than three financial institutions to provide annuity contracts or custodial accounts. *Each board may at its discretion change a selection of an institution.* Investment programs offered by the institutions must meet the requirements of section 401(a) or 403(b) of the Internal Revenue Code of 1986, as amended. In making their selections, the boards shall consider these criteria:

(1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;

(2) the relationship of the benefits to their cost; and

(3) the financial strength and stability of the institution.

Sec. 11. Minnesota Statutes 1988, section 354B.05, subdivision 4, is amended to read:

Subd. 4. [BENEFITS OWNED BY MEMBERS.] The retirement and death benefits provided by the annuity contracts or custodial accounts are owned by the members of the plan trust and must be paid in accordance with the provisions of the ~~annuity contracts or custodial accounts plan document~~.

Sec. 12. [355.61] [SOCIAL SECURITY COVERAGE FOR CERTAIN STATE UNIVERSITY OR COMMUNITY COLLEGE FACULTY.]

Plan participants under section 354B.02, subdivision 1, and persons electing participation under section 354B.02, subdivision 2 or 3, remain members of the teachers retirement association for purposes of social security coverage only, and remain covered by the applicable agreement entered into under section 355.02, but are not members of the teachers retirement association for any other purpose while employed in covered employment.

Sec. 13. Minnesota Statutes 1988, section 356.24, is amended to read:

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

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

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

(2) to a plan that provides solely for group health, hospital, disability, or death benefits, to the individual retirement account plan established by sections 354B.01 to 354B.04;

(3) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee; or

(4) *for employees other than personnel employed by the state university board or the state board for community colleges and covered by section 136.80, subdivision 1, to the state of Minnesota deferred compensation plan under section 352.96, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee; or*

(5) *for personnel employed by the state university board or the state board for community colleges and covered by section 136.80, subdivision 1, to the supplemental retirement plan under sections 136.80 to 136.85, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.*

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

Sec. 14. [EFFECTIVE DATE OF COVERAGE.]

Notwithstanding Laws 1988, chapter 709, article 11, sections 1, 3, and 7, persons first employed in covered employment between June 30, 1988, and July 1, 1989, are members of the teachers retirement association for all purposes but, notwithstanding section 7, subdivision 3, shall participate in the plan as of July 1, 1989. The association shall transfer coverage for persons governed by this section in accordance with section 8.

Sec. 15. [REPEALER.]

Section 8 is repealed October 1, 1992.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 13 are effective July 1, 1989. Section 14 is effective the day following final enactment.

ARTICLE 5

PURCHASES OF CREDIT FOR PRIOR SERVICE

Section 1. [PURCHASE OF PRIOR SERVICE CREDIT.]

Subdivision 1. [ELIGIBILITY.] The following persons are eligible to purchase credit for the specified period of prior service from the public employees retirement association:

(1) *a person who is a member of the association and who has prior service as an elected court commissioner in Ramsey county between January 1, 1963, and December 31, 1974, for that period;*

(2) a person whose employment with Hennepin county began in July 1973, but for whom no salary deductions were made between October 1973 and July 1976, for that period;

(3) a person who was born on October 1, 1925, who was a member of the association as of December 1, 1988, who is a seasonal employee of the city of St. Paul at the Highland golf course and who was employed in that capacity between June 25, 1979, and July 31, 1984, during which no salary deductions were made, for that period;

(4) a person who is a member of the association and who has prior service as an elected county recorder in Dakota county between January 1, 1983, and December 31, 1987, for that period; and

(5) a person who was born on May 11, 1927, whose employment by the city of Bloomington began in March 1960 and continued during the years 1960 and 1961, and for whom no salary deductions were made, for that period.

Subd. 2. [PURCHASE PAYMENT AMOUNT.] For a person eligible to purchase credit for prior service under subdivision 1, there must be paid to the public employees retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity that would be obtained by virtue of the purchase of the additional service credit, using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the public employees retirement association and assuming continuous future service in the public employees retirement association until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased, and also assuming a future salary history that includes annual salary increases at the applicable salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the public employees retirement association proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the public employees retirement association.

Subd. 3. [PAYMENT: CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the public employees retirement association agrees to accept payment in installments over a period not to exceed three years from the date of the agreement, with interest at a rate deemed appropriate by the executive director. The period of allowable service may be credited to the account of the person only after receipt of full payment by the executive director.

Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment must be made by the person entitled to purchase prior service. However, the current or former employer of a person specified in subdivision 1 may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect for the public employees retirement association during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would

otherwise have been made to the date on which the payment is made.

Sec. 2. Laws 1988, chapter 709, article 3, section 1, subdivision 4, is amended to read:

Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment must be made by the person entitled to purchase prior service. However, the current or former employer of a person specified in subdivision 1, ~~clause (1), (2), (4), (5), (6), or (7)~~ may, at its discretion, ~~and the metropolitan sports facilities commission for a person specified in subdivision 1, clause (3),~~ shall pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect for the retirement fund during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 3. [PURCHASE AMOUNT.]

Notwithstanding Laws 1988, chapter 709, article 3, section 1, subdivision 2, the amounts required to purchase credit for prior service under Laws 1988, chapter 709, article 3, section 1, subdivision 1, clause (3), must be calculated assuming the affected employees will retire at age 65. Notwithstanding any contrary provision in section 352.116, if an employee who purchases service under clause (3) retires before age 65, the annuity must be reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable if the employee deferred receipt from the day the annuity begins to accrue to age 65.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment. Section 2 is effective retroactively to May 5, 1988.

ARTICLE 6

JUDGES RETIREMENT PLAN

MODIFICATIONS

Section 1. Minnesota Statutes 1988, section 356.30, subdivision 3, is amended to read:

Subd. 3. [COVERED FUNDS.] ~~The provisions of This section shall apply~~ applies to the following retirement funds:

- (1) state employees retirement fund established pursuant to chapter 352;
- (2) correctional employees retirement program, established pursuant to chapter 352;
- (3) unclassified employees retirement plan, established pursuant to chapter 352D;
- (4) state patrol retirement fund, established pursuant to chapter 352B;
- (5) legislators' retirement plan, established pursuant to chapter 3A;
- (6) elective state officers' retirement plan, established pursuant to chapter 352C;
- (7) public employees retirement association, established pursuant to chapter 353;

(8) public employees police and fire fund, established pursuant to chapter 353;

(9) teachers retirement fund, established pursuant to chapter 354;

(10) Minneapolis employees retirement fund, established pursuant to chapter 422A;

(11) Minneapolis teachers retirement fund association, established pursuant to chapter 354A;

(12) St. Paul teachers retirement fund association, established pursuant to chapter 354A;

(13) Duluth teachers retirement fund association, established pursuant to chapter 354A;

(14) public employees local government correctional service retirement plan established by sections 353C.01 to 353C.10; *and*

(15) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 2. Minnesota Statutes 1988, section 356.302, subdivision 7, is amended to read:

Subd. 7. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) state employees retirement fund, established by chapter 352;

(2) unclassified employees retirement plan, established by chapter 352D;

(3) public employees retirement association, established by chapter 353;

(4) teachers retirement fund, established by chapter 354;

(5) Duluth teachers retirement fund association, established by chapter 354A;

(6) Minneapolis teachers retirement fund association, established by chapter 354A;

(7) St. Paul teachers retirement fund association, established by chapter 354A;

(8) Minneapolis employees retirement fund, established by chapter 422A;

(9) correctional employees retirement plan, established by chapter 352;

(10) state patrol retirement fund, established by chapter 352B; *and*

(11) public employees police and fire fund, established by chapter 353; *and*

(12) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 3. Minnesota Statutes 1988, section 356.303, subdivision 4, is amended to read:

Subd. 4. [COVERED RETIREMENT PLANS.] This section applies to the following retirement plans:

(1) legislators retirement plan, established by chapter 3A;

(2) state employees retirement fund, established by chapter 352;

(3) correctional employees retirement plan, established by chapter 352;

- (4) state patrol retirement fund, established by chapter 352B;
- (5) elective state officers retirement plan, established by chapter 352C;
- (6) unclassified employees retirement plan, established by chapter 352D;
- (7) public employees retirement association, established by chapter 353;
- (8) public employees police and fire fund, established by chapter 353;
- (9) teachers retirement fund, established by chapter 354;
- (10) Duluth teachers retirement fund association, established by chapter 354A;
- (11) Minneapolis teachers retirement fund association, established by chapter 354A;
- (12) St. Paul teachers retirement fund association, established by chapter 354A; and
- (13) Minneapolis employees retirement fund, established by chapter 422A; and
- (14) judges' retirement fund, established by sections 490.121 to 490.132.

Sec. 4. Minnesota Statutes 1988, section 490.124, subdivision 12, is amended to read:

Subd. 12. [REFUND.] (a) Any person who ceases to be a judge but who does not qualify for a retirement annuity or other benefit under section 490.121 shall be entitled to a refund in an amount equal to all the person's contributions to the judges' retirement fund plus interest computed to the first day of the month in which the refund is processed based on fiscal year balances at the rate of five percent per annum compounded annually.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors. A person who becomes a judge again after taking a refund under paragraph (a) may reinstate previously terminated service credits, rights, and benefits by repaying all refunds. A repayment must include interest at six percent per annum, compounded annually.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 3 are effective retroactively to August 1, 1987. Section 4 is effective the day following final enactment.

ARTICLE 7

MINNESOTA PUBLIC PENSION PLAN

FIDUCIARY RESPONSIBILITY AND LIABILITY ACT

Section 1. [356A.01] [DEFINITIONS.]

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

Subd. 2. [BENEFIT.] "Benefit" means an amount, other than an administrative expense, paid or payable from a pension plan, including a retirement annuity, service pension, disability benefit, survivor benefit, death benefit, funeral benefit, or refund.

Subd. 3. [BENEFIT PROVISIONS.] "Benefit provisions" means the portion of a pension plan that deals specifically with the benefit coverage

provided by the plan, including the kinds of coverage, the eligibility for and entitlement to benefits, and the amount of benefits.

Subd. 4. [BENEFIT RECIPIENT.] *"Benefit recipient" means a person who has received a benefit from a pension plan or to whom a benefit is payable under the terms of the plan document of the pension plan.*

Subd. 5. [CHIEF ADMINISTRATIVE OFFICER.] *"Chief administrative officer" means the person who has primary responsibility for the execution of the administrative or management affairs of a pension plan.*

Subd. 6. [COFIDUCIARY.] *"Cofiduciary" means a fiduciary of a pension plan, other than a fiduciary directly undertaking a fiduciary activity or directly and primarily responsible for a fiduciary activity.*

Subd. 7. [COVERED GOVERNMENTAL ENTITY.] *"Covered governmental entity" means a governmental subdivision or other governmental entity that employs persons who are plan participants in a covered pension plan and who are eligible for that participation because of their employment.*

Subd. 8. [COVERED PENSION PLAN.] *"Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or 356.30, subdivision 3.*

Subd. 9. [COVERED PENSION PLAN OTHER THAN A STATEWIDE PLAN.] *"Covered pension plan other than a statewide plan" means a pension plan not included in the definition of a statewide plan in subdivision 24.*

Subd. 10. [DIRECT OR INDIRECT PROFIT.] *"Direct or indirect profit" means a payment of money, the provision of a service or an item of other than nominal value, an extension of credit, a loan, or any other special consideration to a fiduciary or a direct relative of a fiduciary on behalf of the fiduciary in consideration for the performance of a fiduciary activity or a failure to perform a fiduciary activity.*

Subd. 11. [DIRECT RELATIVE.] *"Direct relative" means any of the persons or spouses of persons related to one another within the third degree of kindred under civil law.*

Subd. 12. [FIDUCIARY.] *"Fiduciary" means a person identified in section 2.*

Subd. 13. [FIDUCIARY ACTIVITY.] *"Fiduciary activity" means an activity described in section 2, subdivision 2.*

Subd. 14. [FINANCIAL INSTITUTION.] *"Financial institution" means a bank, savings institution, or credit union organized under federal or state law.*

Subd. 15. [GOVERNING BOARD OF A PENSION PLAN.] *"Governing board of a pension plan" means the body of a pension plan that is assigned or that undertakes the chief policy-making powers and management duties of the plan.*

Subd. 16. [INVESTMENT ADVISORY COUNCIL.] *"Investment advisory council" means the investment advisory council established by section 11A.08.*

Subd. 17. [LIABILITY.] *"Liability" means a secured or unsecured debt or an obligation for a future payment of money, including an actuarial accrued liability or an unfunded actuarial accrued liability, except where*

the context clearly indicates another meaning.

Subd. 18. [OFFICE OF THE PENSION PLAN.] *"Office of the pension plan" means an administrative facility or portion of a facility where the primary business or administrative affairs of a pension plan are conducted and the primary and permanent records and files of the plan are retained.*

Subd. 19. [PENSION FUND.] *"Pension fund" means the assets amassed and held in a pension plan, other than the general fund, as reserves for present and future payment of benefits and administrative expenses.*

Subd. 20. [PENSION PLAN.] *"Pension plan" means all aspects of an arrangement between a public employer and its employees concerning the pension benefit coverage provided to the employees.*

Subd. 21. [PLAN DOCUMENT.] *"Plan document" means a written document or series of documents containing the eligibility requirements and entitlement provisions constituting the benefit coverage of a pension plan, including any articles of incorporation, bylaws, governing body rules and policies, municipal charter provisions, municipal ordinance provisions, or general or special state law.*

Subd. 22. [PLAN PARTICIPANT.] *"Plan participant" means a person who is an active member of a pension plan by virtue of the person's employment or who is making a pension plan member contribution.*

Subd. 23. [STATE BOARD OF INVESTMENT.] *"State board of investment" means the Minnesota state board of investment created by the Minnesota Constitution, article XI, section 8.*

Subd. 24. [STATEWIDE PLAN.] *"Statewide plan" means any of the following pension plans:*

- (1) the Minnesota state retirement system or a pension plan administered by it;*
- (2) the public employees retirement association or a pension plan administered by it; and*
- (3) the teachers retirement association or a pension plan administered by it.*

Sec. 2. [356A.02] [FIDUCIARY STATUS AND ACTIVITIES.]

Subdivision 1. [FIDUCIARY STATUS.] *For purposes of this chapter, the following persons are fiduciaries:*

- (1) any member of the governing board of a covered pension plan;*
- (2) the chief administrative officer of a covered pension plan or of the state board of investment;*
- (3) any member of the state board of investment; and*
- (4) any member of the investment advisory council.*

Subd. 2. [FIDUCIARY ACTIVITY.] *The activities of a fiduciary identified in subdivision 1 that must be carried out in accordance with the requirements of section 4 include, but are not limited to:*

- (1) the investment of plan assets;*
- (2) the determination of benefits;*
- (3) the determination of eligibility for membership or benefits;*

- (4) the determination of the amount or duration of benefits;
- (5) the determination of funding requirements or the amounts of contributions;
- (6) the maintenance of membership or financial records; and
- (7) the expenditure of plan assets.

Sec. 3. [356A.03] [PROHIBITION OF CERTAIN PERSONS FROM FIDUCIARY STATUS.]

Subdivision 1. [INDIVIDUAL PROHIBITION.] For the prohibition period established by subdivision 2, a person, other than a constitutional officer of the state, who has been convicted of a violation listed in subdivision 3, may not serve in a fiduciary capacity identified in section 2.

Subd. 2. [PROHIBITION PERIOD.] A prohibition under subdivision 1 is for a period of five years, beginning on the day following conviction for a violation listed in subdivision 3 or, if the person convicted is incarcerated, the day following unconditional release from incarceration.

Subd. 3. [APPLICABLE VIOLATIONS.] A prohibition under subdivision 1 is imposed as a result of any of the following violations of law:

(1) a violation of federal law specified in United States Code, title 29, section 1111, as amended;

(2) a violation of Minnesota law that is a felony under Minnesota law; or

(3) a violation of the law of another state, United States territory or possession, or federally recognized Indian tribal government, or of the Uniform Code of Military Justice, that would be a felony under the offense definitions and sentences in Minnesota law.

Subd. 4. [DOCUMENTATION.] In determining the applicability of this section, the appropriate appointing authority, the state board of investment, or the covered pension plan, as the case may be, may rely on a disclosure form meeting the requirements of the Investment Adviser Act of 1940, as amended through the effective date of this section, and filed with the state board of investment or the pension plan.

Sec. 4. [356A.04] [GENERAL STANDARD OF FIDUCIARY CONDUCT.]

Subdivision 1. [DUTY.] A fiduciary of a covered pension plan owes a fiduciary duty to:

(1) the active, deferred, and retired members of the plan, who are its beneficiaries;

(2) the taxpayers of the state or political subdivision, who help to finance the plan; and

(3) the state of Minnesota, which established the plan.

Subd. 2. [PRUDENT PERSON STANDARD.] (a) A fiduciary identified in section 2 shall act in good faith and shall exercise that degree of judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence would exercise in the management of their own affairs.

(b) If a fiduciary activity involves the investment of plan assets, a fiduciary identified in section 2 shall act for the purpose of investment, not

for speculation, considering the probable safety of the plan capital as well as the probable investment return to be derived from the assets.

Sec. 5. [356A.05] [DUTIES APPLICABLE TO ALL ACTIVITIES.]

(a) The activities of a fiduciary of a covered pension plan must be carried out solely for the following purposes:

(1) to provide authorized benefits to plan participants and beneficiaries;

(2) to incur and pay reasonable and necessary administrative expenses;

or

(3) to manage a covered pension plan in accordance with the purposes and intent of the plan document.

(b) The activities of fiduciaries identified in section 2 must be carried out faithfully, without prejudice, and in a manner consistent with law and the plan document.

Sec. 6. [356A.06] [INVESTMENTS; ADDITIONAL DUTIES.]

Subdivision 1. [TITLE TO ASSETS.] Assets of a covered pension plan may be held only by the plan treasurer, the state board of investment, or the depository agent of the plan or of the state board of investment. Legal title to plan assets must be vested in the plan, the state board of investment, the governmental entity that sponsors the plan, the nominee of the plan, or the depository agent. The holder of legal title shall function as a trustee for a person or entity with a beneficial interest in the assets of the plan.

Subd. 2. [DIVERSIFICATION.] The investment of plan assets must be diversified to minimize the risk of substantial investment losses unless the circumstances at the time an investment is made clearly indicate that diversification would not be prudent.

Subd. 3. [ABSENCE OF PERSONAL PROFIT.] No fiduciary may personally profit, directly or indirectly, as a result of the investment or management of plan assets. This subdivision, however, does not preclude the receipt by a fiduciary of reasonable compensation, including membership in or the receipt of benefits from a pension plan, for the fiduciary's position with respect to the plan.

Subd. 4. [ECONOMIC INTEREST STATEMENT.] Each member of the governing board of a covered pension plan and the chief administrative officer of the plan shall file with the plan a statement of economic interest. The statement must contain the information required by section 10A.09, subdivision 5, and any other information that the fiduciary or the governing board of the plan determines is necessary to disclose a reasonably foreseeable potential or actual conflict of interest. The statement must be filed annually with the chief administrative officer of the plan and be available for public inspection during regular office hours at the office of the pension plan. A disclosure form meeting the requirements of the Investment Adviser Act of 1940, as amended, and filed with the state board of investment or the pension plan meets the requirements of this subdivision.

Subd. 5. [INVESTMENT BUSINESS RECIPIENT DISCLOSURE.] The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the state board of investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks,

investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the executive director of the legislative commission on pensions and retirement within 90 days after the close of the fiscal year of the plan. For the state board of investment, a disclosure document included as part of a regular annual report of the board is considered to have been filed on a timely basis.

Subd. 6. [LIMITED LIST OF AUTHORIZED INVESTMENT SECURITIES.] (a) Except to the extent otherwise authorized by law, a covered pension plan may invest its assets only in investment securities authorized by this subdivision if the plan does not:

(1) have assets with a book value in excess of \$1,000,000;

(2) use the services of an investment advisor registered with the Securities and Exchange Commission in accordance with the Investment Advisors Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21, as amended, or licensed as an investment advisor in accordance with sections 80A.04 and 80A.14, subdivision 9, for the investment of at least 60 percent of its assets, calculated on book value;

(3) use the services of the state board of investment for the investment of at least 60 percent of its assets, calculated on book value; or

(4) use a combination of the services of an investment advisor meeting the requirements of clause (2) and the services of the state board of investment for the investment of at least 75 percent of its assets, calculated on book value.

(b) Investment securities authorized for a pension plan covered by this subdivision are:

(1) certificates of deposit issued, to the extent of available insurance or collateralization, by a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, is insured by the National Credit Union Administration, or is authorized to do business in this state and has deposited with the chief administrative officer of the plan a sufficient amount of marketable securities as collateral in accordance with section 118.01;

(2) savings accounts, to the extent of available insurance, with a financial institution that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;

(3) governmental obligations, including bonds, notes, bills, or other fixed obligations, issued by the United States, an agency or instrumentality of the United States, an organization established and regulated by an act of Congress or by a state, state agency or instrumentality, municipality, or other governmental or political subdivision that:

(i) for the obligation in question, issues an obligation that equals or exceeds the stated investment yield of debt securities not exempt from federal income taxation and of comparable quality;

(ii) for an obligation that is a revenue bond, has been completely self-supporting for the last five years; and

(iii) for an obligation other than a revenue bond, has issued an obligation

backed by the full faith and credit of the applicable taxing jurisdiction and has not been in default on the payment of principal or interest on the obligation in question or any other nonrevenue bond obligation during the preceding ten years;

(4) corporate obligations, including bonds, notes, debentures, or other regularly issued and readily marketable evidences of indebtedness issued by a corporation organized under the laws of any state that during the preceding five years has had, on average, annual net pretax earnings at least 50 percent greater than the annual interest charges and principal payments on the total issued debt of the corporation during that period and that, for the obligation in question, has issued an obligation rated in one of the top three quality categories by Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and

(5) shares in an open-end investment company registered under the Investment Company Act of 1940, if the portfolio investments of the company are limited to investments that meet the requirements of clauses (1) to (4).

Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT SECURITIES.] *Except to the extent otherwise authorized by law or bylaws, a covered pension plan not described by subdivision 6, paragraph (a), may invest its assets only in accordance with section 11A.24.*

Subd. 8. [MINIMUM LIQUIDITY REQUIREMENTS.] *A covered pension plan described by subdivision 6, paragraph (a), in order to pay benefits as they come due, shall invest a portion of its assets in authorized short-term debt obligations that can be immediately liquidated without accrual of a substantial determinable penalty or loss and that have an average maturity of no more than 90 days. The chief administrative officer of the plan shall determine the minimum liquidity requirement of the plan and shall retain appropriate documentation of that determination for three years from the date of determination.*

Subd. 9. [PROHIBITED TRANSACTIONS.] *(a) No fiduciary of a covered pension plan may engage in a prohibited transaction or allow the plan to engage in a transaction that the fiduciary knows or should know is a prohibited transaction.*

(b) A prohibited transaction is any of the following transactions, whether direct or indirect:

(1) the sale, exchange, or lease of real estate between the pension plan and a fiduciary of the plan;

(2) the lending of money or other extension of credit between the plan and a fiduciary of the plan;

(3) the furnishing to a plan by a fiduciary, for compensation or remuneration, of goods, services other than those performed in the capacity of fiduciary, or facilities;

(4) the furnishing to a fiduciary by a plan of goods, services, or facilities other than office and related space, equipment and office supplies, and administrative services appropriate to the recipient's fiduciary position;

(5) the transfer of plan assets to a plan fiduciary for use by or the benefit of the fiduciary, other than the payment of retirement plan benefits to which a fiduciary is entitled or the payment to a fiduciary of a reasonable

salary and of necessary and reasonable expenses incurred by the fiduciary in the performance of the fiduciary's duties; and

(6) the sale, exchange, loan, or lease of any item of value between a plan and a fiduciary of the plan other than for a fair market value and as a result of an arms-length transaction.

Sec. 7. [356A.07] [BENEFIT SUMMARY; ANNUAL REPORTS; ADDITIONAL DUTIES.]

Subdivision 1. [BENEFIT PROVISIONS SUMMARY.] The chief administrative officer of a covered pension plan shall prepare and provide each active plan participant with a summary of the benefit provisions of the plan document. The summary must be provided within 30 days of the start or resumption of a participant's membership in the plan, or within 30 days of the date on which the start or resumption of membership was reported to a covered pension plan by a covered governmental entity, whichever is later. The summary must contain a notice that it is a summary of the plan document but is not itself the plan document, and that in the event of a discrepancy between the summary and the plan document as amended, the plan document governs. A copy of the plan document as amended must be furnished to a plan participant or benefit recipient upon request. The chief administrative officer may utilize the services of the covered governmental entity in providing the summary. The summary must be in a form reasonably calculated to be understood by an average plan participant.

Subd. 2. [ANNUAL FINANCIAL REPORT.] A covered pension plan shall provide each active plan participant and benefit recipient with a copy of the most recent annual financial report required by section 356.20 and a copy of the most recent actuarial evaluation, if any, required by section 69.77, 69.773, 356.215, or 356.216, or a summary of those reports.

Subd. 3. [DISTRIBUTION.] A covered pension plan may distribute the summaries required by this section through covered governmental entities so long as the plan has made arrangements with the entities to assure, with reasonable certainty, that the summaries will be distributed or made easily available to active plan participants.

Subd. 4. [REVIEW PROCEDURE.] If a review procedure is not specified by law for a covered pension plan, the chief administrative officer of the plan shall propose, and the governing board of the plan shall adopt and implement, a procedure for reviewing a determination of eligibility, benefits, or other rights under the plan that is adverse to a plan participant or benefit recipient. The review procedure must include provisions for timely notice to the plan participant or benefit recipient and reasonable opportunity to be heard in any review proceeding conducted and may, but need not be, a contested case under chapter 14.

Sec. 8. [356A.08] [PLAN ADMINISTRATION; ADDITIONAL DUTIES.]

Subdivision 1. [PUBLIC MEETINGS.] A meeting of the governing board of a covered statewide pension plan or of a committee of the governing board of the statewide plan is governed by section 471.705.

Subd. 2. [LIMIT ON COMPENSATION.] No fiduciary of a covered pension plan or a direct relative of a fiduciary may receive any direct or indirect compensation, fee, or other item of more than nominal value from a third party in consideration for a pension plan disbursement.

Sec. 9. [356A.09] [FIDUCIARY BREACH; REMEDIES.]

Subdivision 1. [OCCURRENCE OF BREACH.] A fiduciary breach occurs if a fiduciary violates the general standard of fiduciary conduct as specified in section 4 in carrying out the activities of a fiduciary. A fiduciary breach also occurs if a fiduciary of a covered pension plan violates the provisions of section 6, subdivision 9.

Subd. 2. [REMEDIES.] Remedies available for a fiduciary breach by a fiduciary are those specified by statute or available at common law.

Sec. 10. [356A.10] [COFIDUCIARY RESPONSIBILITY AND LIABILITY.]

Subdivision 1. [COFIDUCIARY RESPONSIBILITY IN GENERAL.] A cofiduciary has a general responsibility to oversee the fiduciary activities of all other fiduciaries unless the activity has been allocated or delegated in accordance with subdivision 3. A cofiduciary also has a general responsibility to correct or alleviate a fiduciary breach of which the cofiduciary had or ought to have had knowledge.

Subd. 2. [COFIDUCIARY LIABILITY.] A cofiduciary is liable for a fiduciary breach committed by another fiduciary when the cofiduciary has a responsibility to oversee the fiduciary activities of the other fiduciary or to correct or alleviate a breach by that fiduciary.

Subd. 3. [LIMITATION ON COFIDUCIARY RESPONSIBILITY.] A cofiduciary may limit cofiduciary responsibility and liability through the allocation or delegation of fiduciary activities if the allocation or delegation:

- (1) follows appropriate procedures;*
- (2) is made to an appropriate person or persons; and*
- (3) is subject to continued monitoring of performance.*

Subd. 4. [BAR TO LIABILITY IN CERTAIN INSTANCES.] A properly made delegation or allocation of a fiduciary activity is a bar to liability on the part of a fiduciary making the delegation or allocation unless the fiduciary has or ought to have knowledge of the breach and takes part in the breach, conceals it, or fails to take reasonable steps to remedy it.

Subd. 5. [EXTENT OF COFIDUCIARY LIABILITY.] Unless liability is barred under subdivision 4, cofiduciary liability is joint and several, but a cofiduciary has the right to recover from the responsible fiduciary for any damages paid by the cofiduciary.

Sec. 11. [356A.11] [FIDUCIARY INDEMNIFICATION.]

Subdivision 1. [INDEMNIFIED FIDUCIARIES.] A fiduciary who is a member of the governing board of a pension plan, the state board of investment, or the investment advisory council, or who is an employee of a covered pension plan or of the state board of investment, may be indemnified from liability for fiduciary breach. Indemnification is at the discretion of the governing board of the plan or of the state board of investment in the case of members of the state board or of the investment advisory council. A decision to indemnify a fiduciary must apply to all eligible fiduciaries of similar rank.

Subd. 2. [ALLOWABLE INDEMNIFICATION.] An indemnified fiduciary must be held harmless from reasonable costs or expenses incurred as a result of any actual or threatened litigation or other proceedings.

Sec. 12. [356A.12] [JURISDICTION; SERVICE OF PROCESS; AND

STATUTE OF LIMITATIONS.]

Subdivision 1. [JURISDICTION.] The district court has jurisdiction over a challenge of a fiduciary action or inaction.

Subd. 2. [SERVICE OF PROCESS.] For a fiduciary or cofiduciary alleged in the complaint to be responsible for an alleged breach, personal service of process must be obtained.

Subd. 3. [LIMITATIONS ON LEGAL ACTIONS.] A legal action challenging a fiduciary action or inaction must be timely. Notwithstanding any limitation in chapter 541, an action is timely if it is brought within the earlier of the following periods:

(1) the period ending three years after the date of the last demonstrable act representing the alleged fiduciary breach or after the final date for performance of the act the failure to perform which constitutes the alleged breach; or

(2) the period ending one year after the date of the discovery of the alleged fiduciary breach.

Sec. 13. [356A.13] [CONTINUING FIDUCIARY EDUCATION.]

Subdivision 1. [OBLIGATION OF FIDUCIARIES.] A fiduciary of a covered pension plan shall make reasonable effort to obtain knowledge and skills sufficient to enable the fiduciary to perform fiduciary activities adequately. At a minimum, a fiduciary of a covered pension plan shall comply with the program established in accordance with subdivision 2.

Subd. 2. [CONTINUING FIDUCIARY EDUCATION PROGRAM.] The governing boards of covered pension plans shall each develop and periodically revise a program for the continuing education of any of their board members and any of their chief administrative officers who are not reasonably considered to be experts with respect to their activities as fiduciaries. The program must be designed to provide those persons with knowledge and skills sufficient to enable them to perform their fiduciary activities adequately.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective the day following final enactment.

ARTICLE 8

CONFORMING AMENDMENTS TO FIDUCIARY PROVISIONS

Section 1. [3A.011] [ADMINISTRATION OF PLAN.]

The Minnesota state retirement system shall administer the legislators retirement plan in accordance with article 1.

Sec. 2. Minnesota Statutes 1988, section 11A.01, is amended to read:

11A.01 [STATEMENT OF PURPOSE.]

The purpose of ~~sections 11A.01 to 11A.25~~ this chapter is to establish standards ~~which will~~, in addition to the applicable standards of article 7, to insure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk.

Sec. 3. Minnesota Statutes 1988, section 11A.04, is amended to read:

11A.04 [DUTIES AND POWERS.]

The state board shall:

(1) Act as trustees for each fund for which it invests or manages money in accordance with the standard of care set forth in section 11A.09 *if state assets are involved and in accordance with article 7 if pension assets are involved.*

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board ~~shall~~ *must* allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board ~~shall~~ *are* not be subject to the administrative procedure act.

(3) Employ an executive director as provided in section 11A.07.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) Maintain a record of its proceedings.

(7) As it deems necessary, establish advisory committees subject to ~~the provisions of~~ section 15.059 to assist the board in carrying out its duties.

(8) Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

(9) Direct the state treasurer to sell property other than money ~~which~~ *that* has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property ~~shall~~ *must* be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this section.

(11) Establish a formula or formulas to measure management performance and return on investment. ~~All~~ Public pension funds in the state shall utilize the formula or formulas developed by the state board.

(12) Except as otherwise provided in article XI, section 8, of the constitution of the state of Minnesota, employ, at its discretion, qualified private firms to invest and manage the assets of funds over which the state board has investment management responsibility. There is annually appropriated to the state board, from the assets of the funds for which the state board utilizes a private investment manager, sums sufficient to pay the costs ~~therefor of employing private firms.~~ Each year, by January 15, the board shall report to the governor and legislature on the cost and the investment performance of each investment manager employed by the board.

(13) Adopt an investment policy statement that includes investment objectives, asset allocation, and the investment management structure for the retirement fund assets under its control. The statement may be revised at the discretion of the state board. The state board shall seek the advice of the council regarding its investment policy statement. Adoption of the statement is not subject to chapter 14.

Sec. 4. Minnesota Statutes 1988, section 11A.07, subdivision 4, is amended to read:

Subd. 4. [DUTIES AND POWERS.] The director, at the direction of the state board, shall:

(1) Plan, direct, coordinate and execute administrative and investment functions in conformity with the policies and directives of the state board *and the requirements of this chapter and of article 7.*

(2) Employ ~~such~~ professional and clerical staff as is necessary within the complement limits established by the legislature. Employees whose primary responsibility is to invest or manage money or employees who hold positions designated as unclassified ~~pursuant to~~ *under* section 43A.08, subdivision 1a ~~shall be, are~~ in the unclassified service of the state. Other employees ~~shall be are~~ in the classified service.

(3) Report to the state board on all operations under the director's control and supervision.

(4) Maintain accurate and complete records of securities transactions and official activities.

(5) Establish a policy relating to the purchase and sale of ~~all~~ securities on the basis of competitive offerings or bids. The policy is subject to board approval.

(6) Cause ~~all~~ securities acquired to be kept in the custody of the state treasurer or ~~such~~ other depositories *consistent with article 7*, as the state board deems appropriate.

(7) Prepare and file with the director of the legislative reference library ~~on or before~~, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during the preceding fiscal year. The report ~~shall must~~ be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, and brokerage organizations. ~~This~~ *The* report ~~shall must~~ contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles.

(8) Require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of ~~their~~ *its* investment activities.

(9) Receive and expend legislative appropriations.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this subdivision *consistent with article 1.*

Sec. 5. Minnesota Statutes 1988, section 11A.09, is amended to read:

11A.09 [STANDARD OF CARE.]

In the discharge of their respective duties, the members of the state board, director, board staff, *and* members of the council and any other person charged with the responsibility of investing money pursuant to the standards set forth in sections 11A.01 to 11A.25 shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but

for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. *In addition, for the investment of pension fund assets, the members and director of the state board and members of the investment advisory council shall act in accordance with article 7.*

Sec. 6. Minnesota Statutes 1988, section 11A.13, subdivision 1, is amended to read:

Subdivision 1. [LEGAL TITLE TO FUND ASSETS.] Legal title to the assets of state funds to be invested by the state board ~~shall must be in the state of Minnesota, or its nominees. Legal title to pension funds to be invested by the state board shall must be in the state board, or its nominees, as trustees for any person having a beneficial interest in the applicable fund subject to the rights of the particular funds maintaining shares, investment participation or units in the accounts to their credit as specified in article 7, section 6.~~

Sec. 7. Minnesota Statutes 1988, section 69.77, subdivision 2g, is amended to read:

Subd. 2g. The funds of the association ~~shall must be invested in securities which that are proper authorized investments pursuant to under article 7, section 11A.24 6, subdivision 6 or 7.~~ Notwithstanding the foregoing, up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment by section 11A.24, subdivisions 2 to 5. Securities held by the association before ~~March 20, 1986, which the effective date of this section that do not meet the requirements of this paragraph subdivision may be retained after that date if they were proper investments for the association on that date.~~

The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under ~~the provisions of~~ section 11A.17. The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board ~~pursuant to under~~ section 11A.04, clause (11).

Sec. 8. Minnesota Statutes 1988, section 69.775, is amended to read:

69.775 [INVESTMENTS.]

The special fund assets of the relief associations governed by sections 69.771 to 69.776 ~~shall must be invested in securities which that are proper authorized investments pursuant to under article 7, section 11A.24 6, subdivision 6 or 7.~~ Notwithstanding the foregoing, up to 75 percent of the market value of the assets of the fund may be invested in open-end investment companies registered under the federal Investment Company Act of 1940, if the portfolio investments of the investment companies comply with the type of securities authorized for investment by section 11A.24, subdivisions 2 to 5. Securities held by the associations before ~~March 20, 1986, which the effective date of this section that do not meet the requirements of this section may be retained after that date if they were proper investments for the association on that date.~~ The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under ~~the~~

provisions of section 11A.17. *The governing board of the association may select and appoint a qualified private firm to measure management performance and return on investment, and the firm shall use the formula or formulas developed by the state board under section 11A.04, clause (11).*

Sec. 9. Minnesota Statutes 1988, section 136.84, is amended to read:

136.84 [TITLE TO ASSETS, PERSONAL RIGHTS.]

The right of a person who has shares to the credit of the person's employee's share account record to redeem the shares or any portion thereof of the shares is a personal right only and ~~shall~~ is not be assignable. Legal title to the assets of the supplemental retirement investment fund ~~shall be in the state of Minnesota or the state board of investment or the nominee of either is as specified in article 7, section 6, subdivision 1,~~ subject to the rights of the teachers retirement fund. ~~Any~~ An assignment or attempted assignment of shares to the credit of an employee's share account record by any person is null and void. Such Shares are exempt from garnishment or levy under attachment or execution and from all taxation by the state of Minnesota, ~~except that none shall be but are not~~ exempt from taxation under chapter 291, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.

Sec. 10. Minnesota Statutes 1988, section 352.03, subdivision 7, is amended to read:

Subd. 7. [DIRECTORS' FIDUCIARY OBLIGATION.] The board and the director shall ~~administer the law faithfully without prejudice and undertake their activities consistent with the expressed intent of the legislature. They shall act in their respective capacities with a fiduciary obligation to the state of Minnesota which created the fund; the taxpayers who aid in financing it; and the state employees who are its beneficiaries~~ article 7.

Sec. 11. Minnesota Statutes 1988, section 352.92, is amended by adding a subdivision to read:

Subd. 3. [PLAN ADMINISTRATION.] *The Minnesota state retirement system shall administer the correctional employees retirement plan established by sections 352.90 to 352.951 in accordance with this chapter, chapter 356, and article 7.*

Sec. 12. Minnesota Statutes 1988, section 352.96, subdivision 3, is amended to read:

Subd. 3. [EXECUTIVE DIRECTOR TO ADMINISTER SECTION.] This section ~~shall~~ must be administered by the executive director of the system under subdivision 4. *Fiduciary activities of the deferred compensation plan must be undertaken in a manner consistent with article 7.* If the state board of investment so elects, it may solicit bids for options under subdivision 2, clauses (2) and (3). All contracts must be approved before execution by the state board of investment. Contracts must provide that all options in subdivision 2 must: be presented in an unbiased manner; ~~be presented and~~ in a manner conforming that conforms to applicable rules adopted by the executive director, be reported on a periodic basis to all employees participating in the deferred compensation program, and not be the subject of unreasonable solicitation of state employees to participate in the program. The contract may not call for any person to jeopardize the tax-deferred status of money invested by state employees under this section. All costs or fees in relation to the options provided under subdivision 2,

clause (3), must be paid by the underwriting companies ultimately selected by the state board of investment.

Sec. 13. Minnesota Statutes 1988, section 352B.03, subdivision 1, is amended to read:

Subdivision 1. [OFFICERS.] The policy-making, management, and administrative functions governing the operation of the state patrol retirement fund are vested in the board of directors and executive director of the Minnesota state retirement system with duties, authority, and responsibility as provided in chapter 352. *Fiduciary activities of the fund must be undertaken in a manner consistent with article 7.*

Sec. 14. Minnesota Statutes 1988, section 352C.091, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE AGENCY AND STANDARDS.] ~~The provisions of This chapter shall~~ *must* be administered by the Minnesota state retirement system. *The elected state officers retirement plan must be administered consistent with this chapter, chapter 356, and article 7.*

Sec. 15. Minnesota Statutes 1988, section 352D.09, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE AGENCY AND STANDARDS.] The unclassified employees retirement plan and the provisions of this chapter ~~shall~~ *must* be administered by the Minnesota state retirement system. The provisions of chapter 352 ~~shall~~ govern in all instances where not inconsistent with the provisions of this chapter. *Fiduciary activities of the unclassified employees retirement plan must be undertaken in a manner consistent with article 7.*

Sec. 16. Minnesota Statutes 1988, section 353.03, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The management of the public employees retirement fund is vested in a board of trustees consisting of the state auditor and eight members. The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, one who ~~shall be~~ *is* a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association shall elect three trustees for terms of four years. Trustees elected by the membership of the association must be public employees and members of the association. For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies to govern form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. These policies must be approved by the secretary of state. The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement. A candidate who:

(1) receives contributions or makes expenditures in excess of \$100; or

(2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100 for the purpose of bringing about the candidate's election, ~~must shall~~ file a report with the ethical practices board disclosing the source and amount of all contributions to the candidate's campaign. The ethical practices board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include the mailing made by the association board on behalf of the candidate. A candidate ~~must shall~~ file a report within 30 days from the day that the results of the election are announced. The ethical practices board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position is void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes must be so designed and the ballots counted in a manner that ensures that each vote is secret.

The secretary of state shall supervise the elections. The board of trustees ~~and the executive director shall faithfully administer the law without prejudice and undertake their activities consistent with the expressed intent of the legislature. Board members shall act as trustees with a fiduciary obligation to the state of Minnesota, which created the fund; the taxpayers of the governmental subdivisions that aid in financing it; and the public employees who are its beneficiaries. They shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs article 7.~~

Sec. 17. Minnesota Statutes 1988, section 354.06, subdivision 1, is amended to read:

Subdivision 1. The management of the fund ~~shall be is~~ vested in a board of eight trustees ~~which shall be~~ known as the board of trustees of the teachers retirement fund. It ~~shall be is~~ composed of the following persons: the commissioner of education, the commissioner of finance, the commissioner of commerce, four members of the fund ~~who shall be~~ elected by the members of the fund, and one retiree ~~who shall be~~ elected by the retirees of the fund. The five elected members of the board of trustees ~~shall must~~ be chosen by mail ballot in a manner ~~which shall be~~ fixed by the board of trustees of the fund. In every odd-numbered year there shall be elected two members of the fund to the board of trustees for terms of four years commencing on the first of July next succeeding their election. In every odd-numbered year ~~there shall be elected~~ one retiree of the fund ~~must be elected~~ to the board of trustees for a term of two years commencing on the first of July next succeeding the election. The filing of candidacy for a retiree election must include a petition of endorsement signed by at least ten retirees of the fund. Each election ~~shall must~~ be completed by June first of each succeeding odd-numbered year. In the case of elective members, any vacancy ~~shall must~~ be filled by appointment by the remainder of the board, and the appointee shall serve until the members or retirees

of the fund at the next regular election have elected a trustee to serve for the unexpired term caused by the vacancy. No member or retiree ~~shall~~ *may* be appointed by the board, or elected by the members of the fund as a trustee, if the person is not a member or retiree of the fund in good standing at the time of the appointment or election.

Subd. 1a. [FIDUCIARY DUTY.] It ~~shall be~~ is the duty of the board of trustees and the executive director to ~~faithfully administer the law without prejudice and undertake their activities~~ consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries article 7.

Sec. 18. Minnesota Statutes 1988, section 354A.021, subdivision 6, is amended to read:

Subd. 6. [TRUSTEES' FIDUCIARY OBLIGATION.] It is the duty of The trustees or directors of each teachers retirement fund association to ~~shall~~ administer each fund in accordance with the applicable portions of this chapter, of the articles of incorporation, and of the bylaws, and of article 7. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it, and the teachers who are its beneficiaries. The purpose of this subdivision is to establish each teachers retirement fund association as a trust under the laws of the state of Minnesota for all purposes related to section 401(a) of the Internal Revenue Code of the United States, including all amendments.

Sec. 19. Minnesota Statutes 1988, section 422A.05, subdivision 2a, is amended to read:

Subd. 2a. [FIDUCIARY DUTY.] In the discharge of their respective duties, the members of the board, the executive director, the board staff, and any other person charged with the responsibility of investing money pursuant to the standards set forth in this chapter shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. In addition, the members of the board and the chief administrative officer shall act in a manner consistent with article 7.

Sec. 20. Minnesota Statutes 1988, section 422A.05, subdivision 2d, is amended to read:

Subd. 2d. [ACCOUNT TRANSFERS.] Notwithstanding any law to the contrary, the retirement board, subject to the standards of subdivision 2a of this section and article 7, may transfer assets between accounts established by section 422A.06.

Sec. 21. Minnesota Statutes 1988, section 423.374, is amended to read:

423.374 [OFFICERS OF ASSOCIATION.]

The officers of the relief association shall be a president, one or more vice-presidents, a secretary and a treasurer. The offices of assistant secretary and assistant treasurer may be created by the bylaws of any such associations. The affairs of each association ~~shall~~ *must* be managed in accordance with article 7 by a board of directors elected in the manner

prescribed by the articles of incorporation of the association.

The secretary and treasurer of each relief association shall each furnish a corporate bond to the association for the faithful performance of their duties, in such amounts as the association from time to time may determine. Each relief association shall and is hereby authorized to pay the premiums on such bonds from its special fund.

Sec. 22. Minnesota Statutes 1988, section 423.45, is amended to read:
423.45 [OFFICERS; DIRECTORS; BOND.]

The officers of the relief association shall be a president, one or more vice-presidents, a secretary and a treasurer. The offices of assistant secretary and assistant treasurer may be created by the bylaws of any such associations. The affairs of each association ~~shall~~ *must* be managed *in accordance with article 7* by a board of directors elected in the manner prescribed by the articles of incorporation of the association.

The secretary and treasurer of each relief association shall each furnish a corporate bond to the association for the faithful performance of their duties, in such amounts as the association from time to time may determine. Each relief association shall and is hereby authorized to pay the premiums on such bonds from its special fund.

Sec. 23. Minnesota Statutes 1988, section 423.805, is amended to read:
423.805 [POLICE PENSION FUND.]

The association shall establish a police pension fund or continue to maintain the police pension fund now existing in the city and shall ~~have the management manage and control of the fund. Fiduciary activities of the fund must be undertaken in a manner consistent with article 7.~~

Sec. 24. Minnesota Statutes 1988, section 423A.21, subdivision 4, is amended to read:

Subd. 4. [FIDUCIARY RESPONSIBILITY.] In the discharge of their respective duties, the officers and trustees shall be held to the standard of care enumerated in section 11A.09. *In addition, the trustees must act in accordance with article 7.*

Each member of the board is a fiduciary *and shall undertake all fiduciary activities in accordance with the standard of care of section 11A.09, and in a manner consistent with article 7.* No fiduciary of a relief association shall cause a relief association to engage in a transaction if the fiduciary knows or should know that a transaction constitutes one of the following direct or indirect transactions:

(1) sale or exchange or leasing of any real property between the relief association and a board member;

(2) lending of money or other extension of credit between the relief association and a board member or member of the relief association;

(3) furnishing of goods, services, or facilities between the relief association and a board member; or

(4) transfer to a board member, or use by or for the benefit of a board member, of any assets of the relief association. Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law.

Sec. 25. Minnesota Statutes 1988, section 424.06, is amended to read:
424.06 [OFFICERS; TRUSTEES.]

The officers of the relief association shall be a president, one or more vice-presidents, a secretary, and a treasurer. The offices of assistant secretary and assistant treasurer may be created by the bylaws of any such associations. The affairs of each association ~~shall~~ *must* be managed *in accordance with article 7* by a board of trustees elected in the manner prescribed by the articles of incorporation of the association.

The secretary and treasurer of each relief association shall each furnish a corporate bond to the association for the faithful performance of their duties, in amounts as the association from time to time may determine. Each relief association shall be and is hereby authorized to pay the premiums on such bonds from its general fund.

Sec. 26. Minnesota Statutes 1988, section 424A.001, subdivision 7, is amended to read:

Subd. 7. [FIDUCIARY RESPONSIBILITY.] In the discharge of their respective duties, the officers and trustees shall be held to the standard of care enumerated in section 11A.09. *In addition, the trustees must act in accordance with article 7.*

Each member of the board is a fiduciary *and shall undertake all fiduciary activities in accordance with the standard of care of section 11A.09, and in a manner consistent with article 7.* No fiduciary of a relief association shall cause a relief association to engage in a transaction if the fiduciary knows or should know that a transaction constitutes one of the following direct or indirect transactions:

(1) sale or exchange or leasing of any real property between the relief association and a board member;

(2) lending of money or other extension of credit between the relief association and a board member or member of the relief association;

(3) furnishing of goods, services, or facilities between the relief association and a board member; or

(4) transfer to a board member, or use by or for the benefit of a board member, of any assets of the relief association. Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law.

Sec. 27. Minnesota Statutes 1988, section 424A.04, subdivision 2, is amended to read:

Subd. 2. [FIDUCIARY DUTY.] ~~It shall be the duty of The board of trustees to faithfully administer any provisions of statute or special law applicable to the relief association without prejudice and shall undertake their activities consistent with the expressed intent of the legislature. The members of the board shall act as trustees with a fiduciary obligation to the state of Minnesota which authorized the creation of the relief association, to the taxpayers who aid in its financing, and to the firefighters who are its beneficiaries article 7.~~

Sec. 28. [490.021] [ADMINISTRATION OF VARIOUS JUDGES' RETIREMENT PLANS.]

The Minnesota state retirement system shall administer the judges' retirement plans established by sections 490.025 to 490.12 in accordance with article 7.

Sec. 29. Minnesota Statutes 1988, section 490.122, is amended to read:
490.122 [ADMINISTRATION OF JUDGES' RETIREMENT.]

The policy-making, management, and administrative functions governing the operation of the judges' retirement fund and the administration of sections ~~490.025~~ 490.121 to 490.132 ~~shall be~~ are vested in the board of directors and executive director of the Minnesota state retirement system with such duties, authority, and responsibility as are provided in chapter 352. Except as otherwise specified, no provision of chapter 352 ~~shall apply~~ applies to the judges' retirement fund or any judge. *Fiduciary activities of the uniform retirement and survivors' annuities for judges must be undertaken in a manner consistent with article 7.*

Sec. 30. [EFFECTIVE DATE.]

Sections 1 to 29 are effective the day following final enactment.

ARTICLE 9

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(1) persons employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate help in governmental subdivision charitable, penal, and correctional institutions;

(5) members of boards, commissions, bands, and others who serve the governmental subdivision intermittently;

(6) employees whose employment is not expected to continue for a period longer than six consecutive months;

(7) part-time employees who receive monthly compensation from a governmental subdivision not exceeding \$425, and part-time employees and elected officials whose annual compensation from a governmental subdivision is stipulated in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members continue their membership until termination of public service;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused

by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment as an officer or employee of a governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the state employees retirement system, the teachers retirement fund, the state patrol retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, the Minnesota state retirement system correctional officers retirement plan, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association;

(11) police matrons employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist interns who are serving in public hospitals;

(15) appointed or elected officers, paid entirely on a fee basis, who were not members on June 30, 1971;

(16) persons holding a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute if the service is incidental to the person's regular nonteaching occupation, the applicable technical institute stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year, and the part-time teaching service actually does not exceed 300 hours in a fiscal year; ~~and~~

(17) persons exempt from licensure under section 125.031; *and*

(18) persons who are employed by the Minneapolis community development agency.

(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period.

(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425.

(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.

Sec. 2. Minnesota Statutes 1988, section 355.90, subdivision 3, is amended to read:

Subd. 3. [REFERENDUM.] A referendum on the question of extending the provisions of United States Code, title 42, sections 426, 426-1, and 1395c, must be held for each public employee pension plan listed in section 356.30, subdivision 3, except clauses (5) and (6), that has current members or participants who do not have coverage by the federal old age, survivors, and disability insurance program for the employment giving rise to that pension plan membership. The state agency shall supervise the referendum in accordance with United States Code, title 42, section 418, on the date or dates set by the governor for each pension plan. The notice of the referendum provided to each employee must contain a statement sufficient to inform the person of the rights available to the person as an employee in Medicare qualified government employment and the employee contribution rates applicable to the program. ~~The referendum is approved if a majority of the members or participants indicate their desire to have the coverage on a form prescribed by the state agency. If the referendum is approved, The referendum must permit each employee the opportunity to select or reject Medicare coverage. The governor shall certify that fact to the Secretary of Health and Human Services, and the that the conditions specified in United States Code, title 42, section 418(d)(7), have been met. Coverage is effective for all members or participants of the plan who select it on the first of the month after the certification unless the participant or member elects coverage effective retroactively to April 1, 1986.~~

Sec. 3. Minnesota Statutes 1988, section 355.90, subdivision 4, is amended to read:

Subd. 4. [EMPLOYEE AND EMPLOYER CONTRIBUTIONS.] (a) ~~If the referendum is approved,~~ Beginning on the first of the month after the certification of approval by the governor, the employer of each member or participant covered by selecting coverage under the referendum shall deduct from the wages of the employee an amount equal to the tax that would be imposed under United States Code, title 26, section 3101(b), if the services of the employee for which wages were paid constituted employment as defined in United States Code, title 26, section 3121.

(b) In addition to the deduction specified in paragraph (a), the employer of each member or participant covered by the referendum shall also pay an amount equal to the tax that would be imposed under United States

Code, title 26, section 3111(b), on the same wage base specified in paragraph (a).

(c) The amounts under paragraphs (a) and (b) shall be paid by the employer to the Secretary of the Treasury in the manner required by the secretary.

Sec. 4. Minnesota Statutes 1988, section 356.001, is amended by adding a subdivision to read:

Subd. 2a. [OFFICERS AND EMPLOYEES.] No chief administrative officer of a public pension or retirement plan or fund covered by this section who is a member of the plan or fund may serve for compensation as an officer or director of a business corporation, other business enterprise, or for-profit organization in which the plan or fund has an investment.

Sec. 5. Laws 1980, chapter 595, section 2, subdivision 4, is amended to read:

Subd. 4. [PENSION COVERAGE; EXCLUSIONS FROM THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.] (a) All employees of the agency shall be considered employees of the housing and redevelopment authority and not the city of Minneapolis for the purposes of exclusion from membership in the public employee retirement association.

(b) An employee of the agency or the Minneapolis housing and redevelopment authority who is transferred to employment of the department or agency or the Minneapolis industrial development commission or the city of Minneapolis shall elect one of the following options with respect to retirement programs within six months after the date of transfer:

~~(a)~~ (1) The employee may continue as a member of the retirement program established by the Minneapolis housing and redevelopment authority and in effect on the date of transfer, and the agency or department or the city of Minneapolis shall make the necessary employer contributions to the program instead of becoming a member of the public employees retirement association.

~~(b)~~ (2) The employee may become a member of the public employees retirement association.

(c) An employee of the city of Minneapolis who is transferred to employment of the agency or the Minneapolis housing and redevelopment authority shall remain a member of the retirement fund to which the employee belonged prior to the transfer, during the employment. An employee of the city of Minneapolis who is a member of the Minneapolis municipal employees retirement fund who is transferred to employment of the agency shall remain a member of the fund during the employment.

Sec. 6. [REFUND OF EXCESS EMPLOYEE CONTRIBUTIONS.]

A former employee of the bureau of health of the city of Saint Paul who, under Laws 1973, chapter 767, section 4, elected to retire with benefits calculated in accordance with Minnesota Statutes, chapter 425, as modified by Laws 1969, chapter 1102, may, upon application to the executive director of the public employees retirement association on a form prescribed by the executive director, receive a refund of excess employee contributions to the bureau of health pension fund. The amount to be refunded is the difference between the amount actually deducted from the employee's monthly pay from the effective date of Laws 1969, chapter 1102, to the effective

date of Laws 1973, chapter 767, and an amount equal to six percent of the monthly salary of a health sanitarian in the employment of the city of Saint Paul on January 1, 1969, plus interest at the rate of six percent a year compounded annually. The refund is payable from the public employees retirement association.

Sec. 7. [PAYMENT OF REFUNDS BY ASSOCIATION.]

The executive director of the public employees retirement association shall notify each former employee of the bureau of health of the city of Saint Paul covered by section 6 who is receiving a retirement annuity from the public employees retirement association of the person's right to apply for a refund of excess contributions under that section. Application must be made within 60 days following notice or the eligibility for the refund expires. Upon receipt of an application for a refund from a person, the executive director of the association shall pay to the person a refund calculated in accordance with section 6.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 and 5 are effective the day following approval by the city council of the city of Minneapolis and compliance with Minnesota Statutes, section 645.021, and apply retroactively to July 13, 1980. Sections 2, 3, 6, and 7 are effective the day following final enactment.

ARTICLE 10

LOCAL POLICE AND FIRE

RELIEF ASSOCIATION LEGISLATION

Section 1. [ST. PAUL POLICE AND FIRE DEPARTMENT RELIEF ASSOCIATIONS; BYLAW AMENDMENT REQUIRED.]

The St. Paul police relief association and the St. Paul fire department relief association shall amend their articles of incorporation and bylaws to ensure that retired members of the police department and fire department are represented on the board of directors of the associations in the same proportion that the number of retired members in each relief association bears to the total membership of each relief association; provided, however, that in no event may the retired members of the St. Paul police relief association and the St. Paul fire department relief association ever be entitled under the articles of incorporation and bylaws to more seats on the board of directors than the active members of the respective associations.

Sec. 2. [ST. PAUL POLICE RELIEF ASSOCIATION; SURVIVING SPOUSE BENEFIT AMOUNT.] Laws 1955, chapter 151, section 13, as amended by Laws 1963, chapter 271, section 7; Laws 1971, chapter 549, section 2; Laws 1980, chapter 600, section 14; and Laws 1983, chapter 47, section 1, is amended to read:

Sec. 13. [SURVIVOR BENEFIT; QUALIFICATION AND AMOUNT.] The association shall pay a pension to the surviving spouse or any child under 18 years of age of any pensioned and retired member, or to the surviving spouse or any child under 18 years of age of any member who dies while in the service of the city police department, or to the surviving spouse or any child under 18 years of age of any member who, after being a member of the city police department for not less than 20 years, severs his or her connection with the department, and dies before attaining the age of 50 years. The association shall pay to any such surviving spouse a

pension of ~~20~~ *not less than 22.5 units, nor more than 27.5 units*, per month, *as the bylaws of the association provide, subject to Minnesota Statutes, section 69.77, subdivision 2i.* The association shall pay to any such child under 18 years of age a pension of five units per month until the child attains the age of 18 years, provided, however, that if such child is married at the time of the death of the member or marries or becomes legally adopted after the death of the member, the child shall not be entitled to such benefits. If the surviving spouse and children reside together, the pension payable to the children shall be paid to the surviving spouse and shall be used for the support of the children. If a surviving spouse remarries, the pension immediately ceases and the association shall not make any further pension payments; provided further that if the remarriage terminates for any reason, the surviving spouse, whose benefit terminated solely because of remarriage, shall be entitled upon reapplication to a surviving spouse's benefit; provided, however, that such person shall not be entitled to retroactive payments for any period of time, prior to the effective date of this act or reapplication, whichever is later. For the purposes of this section, all provisions governing a child under 18 shall be extended to include a full time student under the age of 23.

Sec. 3. [BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION; DUTY DISABILITY BENEFIT.]

Notwithstanding Minnesota Statutes, section 424A.02, subdivision 9, or any other law, the Bloomington firefighters relief association may provide a duty disability benefit to a volunteer firefighter who:

(1) becomes disabled from a medically determinable injury or illness arising out of or occurring in the course of the line of duty;

(2) is not entitled to the immediate receipt of a service pension equal to the amount of a service pension payable to a retiring firefighter with 20 years of service; and

(3) complies with any other requirement specified in the bylaws of the association.

The duty disability benefit must be equal to the amount of the service pension payable to a retiring firefighter with 20 years of service.

A Bloomington volunteer firefighter who has received a duty related disability benefit and who returns to active firefighting duties with the Bloomington fire department must accrue service credit towards a service pension for the period of the receipt of the duty related disability benefit.

Sec. 4. [BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION; NONDUTY DISABILITY BENEFIT.]

The Bloomington firefighters relief association may provide a volunteer firefighter who becomes disabled from an injury or illness not arising out of or not occurring in the course of the line of duty with a disability benefit as the bylaws of the relief association specify, subject to the provisions of Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 5. Laws 1965, chapter 446, section 2, is amended to read:

Sec. 2. [BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION; DUTY RELATED DEATH SURVIVOR BENEFITS.]

Notwithstanding Minnesota Statutes, section 424A.02, subdivision 9, or any other provision of law to the contrary and in lieu of the widows pension

surviving spouse benefit provided in Minnesota Statutes, Section 424.24, the ~~firemen's~~ *firefighters* relief association in the city of Bloomington may provide a ~~pension~~ *surviving spouse benefit* to the ~~widow~~ *surviving spouse* of a volunteer ~~fireman~~ *firefighter* who dies as the result of an injury or illness arising out of or in the course of the line of duty, if the surviving spouse qualifies under the terms of Minnesota Statutes, Section 424.24, of not more than a sum. The surviving spouse benefit must not exceed an amount equal to one fourth of the salary as payable from time to time during the period of pension payment to policemen of the highest grade, not including officers of the police department, in the employ of the city, such pension to three-quarters of the amount of the service pension payable to a retiring firefighter with 20 years of service. The surviving spouse benefit must be paid as the bylaws of the association provide for her natural life; provided that if she remarries, such pension shall upon remarriage, the surviving spouse benefit must cease to accrue and terminate as of the date of her remarriage.

In event If there is a surviving child or there are surviving children of a deceased firefighter who suffered a duty related death as provided in Minnesota Statutes, Section 424.24, the ~~firemen's~~ *firefighters* relief association of the city of Bloomington may provide for a pension of not more than four percent of the monthly salary as payable from time to time during the period of pension payment to policemen of the highest grade, not including officers of the department, in the employ of the city, *surviving child benefit*. The surviving child benefit may not exceed an amount equal to 12 percent of the amount of the service pension payable to a retiring firefighter with 20 years of service for each child up to the time each child reaches the age of not less than 16 years or more than 18 years as the bylaws of the association provide; provided, The total pension hereunder survivor benefits for the ~~widow~~ *surviving spouse* and children of the deceased member shall not exceed one third of the monthly salary of a policeman of the highest grade, not including officers of the police department, in the employ of the municipality the amount of the service pension payable to a retiring firefighter with 20 years of service during the period of the pension payment.

Sec. 6. Laws 1965, chapter 446, section 3, is amended to read:

Sec. 3. [BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION; DUTY RELATED DEATH SURVIVING CHILD BENEFITS IN CERTAIN INSTANCES.] The ~~firemen's~~ *Bloomington firefighters* relief association of the city of Bloomington may provide a ~~pension~~ *surviving child benefit* for the child or children of a deceased ~~members~~ *member* with a duty related death after the death of ~~their mothers~~ *the surviving spouse*, of such the amount as the board of trustees of the association shall deem considers necessary to properly support such the child or children until they reach an the age of not more than 18, as the bylaws of the association provide; provided. The total pension hereunder surviving child benefit for the child or children of the deceased member shall not exceed a sum an amount equal to one third of the monthly salary of a policeman of the highest grade, not including officers of the police department, in the employ of the municipality the amount of the service pension payable to a retiring firefighter with 20 years of service during the period of the pension survivor benefit payment.

Sec. 7. [BLOOMINGTON FIREFIGHTERS RELIEF ASSOCIATION; NONDUTY RELATED DEATH SURVIVOR BENEFITS.]

The Bloomington firefighters relief association may provide the surviving spouse, surviving child, or surviving children of a volunteer firefighter, who dies from an injury or illness not arising out of or not occurring in the course of the line of duty, with a survivor benefit as the bylaws of the relief association specify, subject to Minnesota Statutes, section 424A.02, subdivision 9.

Sec. 8. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$100 a month. Increases may be made retroactive to January 1, 1989.

Sec. 9. [MANKATO FIRE DEPARTMENT RELIEF ASSOCIATION; AMENDMENT AUTHORIZED.]

Subdivision 1. [AUTHORIZATION.] Subject to Minnesota Statutes, section 69.77, subdivision 2i, the Mankato fire department relief association may amend its constitution and bylaws to provide for payment of disability benefits to active regular salaried firefighters who, because of medically determinable sickness or injury, are unable to perform their duties as firefighters, regardless of whether the sickness was caused in the performance of duty or the injury occurred while on duty.

Subd. 2. [REGULAR SALARIED FIREFIGHTER NONDUTY DISABILITY BENEFIT AMOUNT.] The nonduty disability benefit for regular salaried firefighters must not exceed the amount of the duty disability benefit.

Sec. 10. Laws 1982, chapter 574, section 5, as amended by Laws 1985, chapter 261, section 16, is amended to read:

Sec. 5. [VIRGINIA POLICE; BENEFIT CHANGES FOR PARTICIPANTS.]

If the bylaws so authorize, the following changes shall be effective:

(a) The service pension payable to persons who retired from the police department on or before January 12, 1966, shall be supplemented by \$100 \$200 per month.

(b) For any participant who terminated employment after 20 ~~or more~~ years of service, the amount of the monthly service pension payable after the participant has attained the age of at least 50 years shall be equal to ~~one-half~~ 50 percent of the prevailing pay of a police officer of the rank and position held by the participant for a period of at least six months prior to termination of service, or to the rank and position most analogous thereto, *plus an additional one percent for each full year of service in excess of 20 years to a maximum of 60 percent*, payable by the police department in each month during which the retired participant receives a service pension.

(c) The amount of a monthly disability pension shall be equal to one-half of the prevailing pay of a police officer of the rank and position held by the participant for a period of at least six months prior to his or her disability or the rank and position most analogous thereto, payable by the police department in each month during the period of the participant's

disability, subject to any integration of benefits. *Disability pensions payable for disabilities incurred on or before January 11, 1967, are increased by \$100 per month.*

(d) The benefit paid to the surviving spouse of a participant who died on or before January 11, 1967, shall be increased by ~~\$50~~ \$100 per month, with benefits payable until the surviving spouse's death or remarriage.

(e) The benefit paid to a surviving child shall be increased to \$50 per child per month, subject to any limitation placed on the total amount of survivor's benefits.

Sec. 11. [BROOKLYN CENTER VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; REPEAL.]

Laws 1967, chapter 815; Laws 1978, chapter 683; and Laws 1981, chapter 224, section 245, are repealed.

Sec. 12. [MINNETONKA VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; INCREASED NONFORFEITABLE SERVICE PENSION PERCENTAGE.]

Notwithstanding Minnesota Statutes, section 424A.02, subdivision 2, if the articles of incorporation or the bylaws of the relief association so provide, subject to Minnesota Statutes, section 424A.02, subdivision 10, the Minnetonka volunteer firefighters relief association may pay a service pension to a retiring member who meets the minimum age, service, and other requirements of Minnesota Statutes, section 424A.02, subdivision 1. The amount of the service pension is that portion of a service pension payable with 20 years of service that full years of service credited by the relief association bear to 20 years of service.

Sec. 13. [EFFECTIVE DATE.]

Subdivision 1. Sections 1 and 11 are effective the day following final enactment.

Subd. 2. Section 2 is effective the day following approval by the city council of the city of St. Paul and compliance with Minnesota Statutes, section 645.021. Sections 3 to 7 are effective the day following approval by the city council of the city of Bloomington and compliance with Minnesota Statutes, section 645.021. Section 8 is effective the day following approval by the city council of the city of Eveleth and compliance with Minnesota Statutes, section 645.021. Section 9 is effective the day following approval by the governing body of the city of Mankato and compliance with Minnesota Statutes, section 645.021. Section 10 is effective the day following approval by the governing body of the city of Virginia and compliance with Minnesota Statutes, section 645.021. Section 12 is effective the day following approval by the governing body of the city of Minnetonka and compliance with Minnesota Statutes, section 645.021.

ARTICLE 11

VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION

VESTING AND RELATED CHANGES

Section 1. Minnesota Statutes 1988, section 424A.01, subdivision 2, is amended to read:

Subd. 2. [STATUS OF SUBSTITUTE OR PROBATIONARY VOLUNTEER FIREFIGHTERS.] No person who is serving as a substitute or

a ~~probationary~~ volunteer firefighter shall be deemed to be a firefighter for purposes of chapter 69 or this chapter nor shall be authorized to be a member of any volunteer firefighters' relief association governed by chapter 69 or this chapter.

Sec. 2. Minnesota Statutes 1988, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] ~~Any~~ A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches the age of 50 years; (3) completes at least ~~ten~~ five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least ~~ten~~ five years of active membership with the relief association ~~prior to before~~ separation from active service; and (5) complies with any additional conditions as to age, service, and membership ~~which that~~ are prescribed by the bylaws of the relief association. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69. In the case of a member who has completed at least ~~ten~~ five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least ~~ten~~ five years of active membership with the relief association ~~prior to before~~ separation from active service may be waived by the board of trustees of the relief association if the member completes at least ~~ten~~ five years of inactive membership with the relief association ~~prior to before~~ the payment of the service pension. During the period of inactive membership, the member ~~shall is not be~~ entitled to receive ~~any~~ disability benefit coverage, ~~shall is not be~~ entitled to receive ~~any~~ additional service credit towards computation of a service pension, and ~~shall be deemed is considered~~ to have the status of a person entitled to a deferred service pension ~~pursuant to under~~ subdivision 7.

No municipality or nonprofit firefighting corporation ~~is authorized to~~ may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level ~~which that~~ this chapter would allow rather than a specific dollar amount or level.

No relief association as defined in section 424A.001, subdivision 4, ~~shall~~ may pay a service pension or disability benefit to ~~any a~~ former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated.

For the purposes of this chapter, "to separate from active service" means to cease to perform fire suppression duties and to cease to supervise fire suppression duties.

Sec. 3. Minnesota Statutes 1988, section 424A.02, subdivision 2, is amended to read:

Subd. 2. [NONFORFEITABLE PORTION OF SERVICE PENSION.] If the articles of incorporation or bylaws of a relief association so provide, a relief association may pay a reduced service pension to a retiring member

who has completed fewer than 20 years of service. The reduced service pension may be paid when the retiring member meets the minimum age and service requirements of subdivision 1.

The amount of the reduced service pension ~~shall~~ may not exceed the amount calculated by multiplying the service pension appropriate for the completed years of service as specified in the bylaws times the applicable nonforfeitable percentage of pension. The ~~applicable~~ nonforfeitable percentage of pension amounts are as follows:

Completed Years of Service	Nonforfeitable Percentage of Pension Amount
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 and thereafter	100 percent

Sec. 4. Minnesota Statutes 1988, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least ~~ten~~ five years of active membership in the relief association; and

(3) separates from active service and membership ~~prior to before~~ reaching the age of 50 years or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than the age of 50 years. The deferred service pension ~~shall commence~~ starts when the former member reaches the age of 50 years or the minimum age specified in the bylaws governing the relief association if that age is greater than the age of 50 years and when the former member makes a valid written application. ~~Any~~ A relief association ~~which that~~ provides a lump sum service pension may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for, interest ~~shall must~~ be paid at the rate actually earned by the relief association, but not to exceed the interest rate specified in section 356.215, subdivision 4d, and ~~shall must~~ be compounded annually based on calendar year balances. The deferred

service pension ~~shall be~~ is governed by and ~~shall must~~ be calculated ~~pur-~~
~~suant to any under the~~ general statute, special law, relief association articles
of incorporation, or relief association bylaw provisions applicable as ~~of on~~
the date on which the member separated from active service with the fire
department and active membership in the relief association.

Sec. 5. Minnesota Statutes 1988, section 424A.02, subdivision 13, is
amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] If the articles of incor-
poration or bylaws of the associations so provide, a volunteer firefighter
with total service credit of ten years or more, *if every affected relief asso-*
ciation does not require only a five-year service vesting requirement, or
five years or more, if every affected relief association requires only a five-
year service vesting requirement, as a member of two or more relief asso-
ciations is entitled, when otherwise qualified, to a prorated service pension
from each association in which the member has ~~two years~~ one year or more
of service credit. The prorated service pension must be based on the service
pension amount in effect for the relief association on the date volunteer
firefighting services covered by that relief association terminate. To receive
a service pension under this subdivision, the firefighter must become a
member of the second or succeeding association and give notice of mem-
bership to the prior association within two years of termination of active
service with the prior association. The notice must be attested to by the
association secretary.

Sec. 6. Minnesota Statutes 1988, section 424A.10, is amended to read:

424A.10 [STATE SUPPLEMENTAL BENEFIT; VOLUNTEER
FIREFIGHTERS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "qualified
recipient" means an individual who receives ~~an involuntary~~ a lump sum
distribution of pension or retirement benefits from a firefighters' relief
association for service performed as a volunteer firefighter.

Subd. 2. [PAYMENT OF SUPPLEMENTAL BENEFIT.] Upon the pay-
ment by a firefighters' relief association of ~~an involuntary~~ a lump sum
distribution to a qualified recipient, the association must pay a supplemental
benefit to the qualified recipient. Notwithstanding any law to the contrary,
the relief association may pay the supplemental benefit out of its special
fund. The amount of this benefit equals ten percent of the regular ~~invol-~~
~~untary~~ lump sum distribution that is paid on the basis of service as a
volunteer firefighter. In no case may the amount of the supplemental benefit
exceed \$1,000.

Subd. 3. [STATE REIMBURSEMENT.] By February 15 of each year,
the relief association shall apply to the commissioner of revenue for state
reimbursement of the amount of supplemental benefits paid under subdivi-
sion 2 during the preceding calendar year. By March 15 the commissioner
shall reimburse the relief association for the amount of the supplemental
benefits paid to qualified recipients. The commissioner of revenue shall
prescribe the form of and supporting information that must be supplied as
part of the application for state reimbursement. The reimbursement payment
must be deposited in the special fund of the relief association.

Subd. 4. [IN LIEU OF INCOME TAX EXCLUSION.] The supplemental
benefit provided by this section is in lieu of the state income tax exclusion

for ~~involuntary~~ lump sum distributions of retirement benefits paid to volunteer firefighters. If the law is modified to exclude or exempt volunteer firefighters' lump sum distributions from state income taxation, the supplemental benefits under this section may no longer be paid beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump sum distribution under section 290.032 or 290.0802.

Sec. 7. [REPEAL.]

Minnesota Statutes 1988, section 424A.01, subdivision 3a, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective on the day following final enactment.

ARTICLE 12

SALARIED FIREFIGHTERS RELIEF ASSOCIATION
ESCALATION BASE IN CERTAIN INSTANCES

Section 1. Minnesota Statutes 1988, section 423A.01, subdivision 2, is amended to read:

Subd. 2. [OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] (a) The ~~following~~ provisions ~~shall of paragraphs (b) to (g) govern the operation of a local relief association upon where the modification of retirement coverage for newly hired police officers or salaried firefighters; has been modified as provided in subdivision 1.~~

(1) (b) The minimum obligation of a municipality ~~in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 other than the city of Crookston regarding the Crookston fire department relief association with respect to the local relief association shall must be determined and governed in accordance with the provisions of sections 69.77, 356.215 and 356.216; except that. However, the normal cost calculation for the relief association shall must be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to under subdivision 1 shall must not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.~~

(2) (c) The contribution rate of active members of the local relief association ~~shall must be governed by section 69.77, unless a or any applicable special law establishing, whichever establishes a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to under subdivision 1 shall must be governed by section 353.65.~~

(3) (d) Unless otherwise provided for by law, when every active member of the local relief association retires or terminates from active duty ~~and no consolidation question has been initiated or remains pending under chapter 353A, the local relief association shall must cease to exist as a legal entity and the assets of the special fund of the relief association shall must be transferred to a trust fund to be established by the appropriate applicable municipality for the purpose of paying service pensions and retirement~~

benefits to recipient beneficiaries. Recipient beneficiaries who are competent to act on their own behalf ~~shall be~~ are entitled to select the prescribed number of *board of trustees members* of the trust fund as provided in this clause, subject to the approval ~~of by~~ the governing body of the municipality of the *selected trustees*. If there are at least five recipient beneficiaries, the trust fund ~~shall must~~ be managed by a board of trustees composed of five persons selected by the recipient beneficiaries of the fund. ~~When If~~ there are fewer than five recipient beneficiaries, the number of trustees selected by the recipient beneficiaries ~~shall be~~ must equal to the number of the remaining recipient beneficiaries- and the governing body of the municipality shall select the additional trustees. *Persons serving as trustees are not required to have any prior or current membership in or relationship with the relief association.* The term of the elected members of the board of trustees ~~shall be~~ is indefinite and ~~shall continue~~ continues until a vacancy occurs in one of the board of trustee member positions. Board of ~~trustee~~ trustees members ~~shall may~~ not be compensated for their services, but ~~shall may~~ be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of ~~trustee~~ trustees members. The *chief administrative officer of the municipality* shall perform ~~whatever~~ the services that are necessary to administer the trust fund and the applicable benefit plan. When all obligations of the trust fund are paid and no current or prospective benefit recipients remain, the balance of the assets remaining in the trust fund shall revert to the municipality for deposit in the general fund of the municipality and expenditure for law enforcement or firefighting purposes, whichever is applicable applies.

(4) (e) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund ~~shall must~~ be determined in accordance with sections 69.77, 356.215 and 356.216, and the minimum obligation of the municipality with respect to the trust fund must be paid annually until the unfunded actuarial accrued liability of the trust fund is fully amortized in accordance with section 69.77, subdivision 2b. If it is a greater amount than the minimum obligation of the municipality determined in accordance with sections 69.77, 356.215, and 356.216, the municipality ~~shall must~~ provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds ~~which that~~ are projected anticipated as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current recent calendar year for which figures are available, valued pursuant to under section 356.20, subdivision 4, clause (1)(a), if the difference between those two figures is a positive number.

(5) (f) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association ~~shall must~~ be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1 June 15, 1980, or as of the effective date of any subsequent applicable law, articles of incorporation amendment, or bylaw

amendment, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund. If, for a local salaried firefighters relief association, the specified position no longer exists because of a reorganization of the fire department as a volunteer fire department, the percentage increase in the salary of the position of a top grade patrol officer in the police department of the municipality must be the basis for service pension and retirement benefit postretirement increase calculations.

(6) (g) If the modification of retirement coverage implemented ~~pursuant to~~ under subdivision 1 is ~~applicable~~ applies to a local police relief association, the police state aid received by the municipality ~~shall~~ must be disbursed ~~pursuant to~~ under section 69.031, subdivision 5, clause (2)(c). If the modification of retirement coverage implemented ~~pursuant to~~ under subdivision 1 is ~~applicable~~ applies to a local firefighters' relief association, the fire state aid received by the applicable municipality ~~shall be disbursed~~ must be allocated as the municipality at its option may elect. The municipality may elect: ~~(a)~~ (i) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or ~~(b)~~ (ii) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund ~~pursuant to~~ under section 353.65, subdivision 3; or ~~(c)~~ (iii) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each pension plan.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 13

EXCLUSION OF VOLUNTEER FIREFIGHTERS FROM THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1988, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(1) persons employed for professional services where the service is incidental to regular professional duties, determined on the basis that compensation for the service amounts to no more than 25 percent of the person's total annual gross earnings for all professional duties;

(2) election officers;

(3) independent contractors and their employees;

(4) patient and inmate help in governmental subdivision charitable, penal, and correctional institutions;

(5) members of boards, commissions, bands, and others who serve the governmental subdivision intermittently;

(6) employees whose employment is not expected to continue for a period longer than six consecutive months;

(7) part-time employees who receive monthly compensation from a governmental subdivision not exceeding \$425, and part-time employees and elected officials whose annual compensation from a governmental subdivision is stipulated in advance, in writing, to be not more than \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members continue their membership until termination of public service;

(8) persons who first occupy an elected office after July 1, 1988, the compensation for which does not exceed \$425 per month;

(9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(10) employees who by virtue of their employment as an officer or employee of a governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the state employees retirement system, the teachers retirement fund, the state patrol retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, the Minnesota state retirement system correctional officers retirement plan, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association;

(11) police matrons employed in a police department of a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987;

(13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are not employed full time by a governmental subdivision;

(14) resident physicians, medical interns, and pharmacist interns who are serving in public hospitals;

(15) appointed or elected officers, paid entirely on a fee basis, who were not members on June 30, 1971;

(16) persons holding a part-time adult supplementary technical institute license who render part-time teaching service in a technical institute if the service is incidental to the person's regular nonteaching occupation, the applicable technical institute stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year, and the part-time teaching service actually does not exceed 300 hours in a fiscal year; ~~and~~

(17) persons exempt from licensure under section 125.031; *and*

(18) *except as provided in section 353.86, volunteer firefighters, as defined in subdivision 35, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter.*

(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period.

(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425.

(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.

Sec. 2. Minnesota Statutes 1988, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] "Salary" means the periodical compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees. Fees paid to district court reporters are not considered a salary. Lump sum annual or lump sum sick leave payments, severance payments, and all payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, are not deemed to be salary. Before the time that all sick leave has been used, amounts paid to an employee under a disability insurance policy or program where the employer paid the premiums are considered salary, and, after all sick leave has been used, the payment is not considered salary. Workers' compensation payments are not considered salary. *Except as provided in section 353.86, compensation of any kind paid to a volunteer firefighter, as defined in subdivision 35, is not considered salary.* For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees

police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 353A.08 following the consolidation, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodical compensation of the public employee after the effective date of the consolidation.

Sec. 3. Minnesota Statutes 1988, section 353.01, is amended by adding a subdivision to read:

Subd. 36. [VOLUNTEER FIREFIGHTER.] For purposes of this chapter, a person is considered a volunteer firefighter if the person's hours of service as a volunteer firefighter for a governmental unit are provided with no promise, expectation, or receipt of compensation for the service rendered, except for reimbursement of expenses, reasonable benefits, normal fees, or a combination thereof.

Sec. 4. [353.86] [VOLUNTEER FIREFIGHTERS; PARTICIPATION; LIMITATION; AND REFUND.]

Subdivision 1. [PARTICIPATION.] Except as provided in subdivision 2, a volunteer firefighter, as defined in section 353.01, subdivision 35, who, before July 1, 1989, was a member of, and a participant in, the public employees retirement fund or the public employees police and fire fund and was making contributions to either of those funds based, at least in part, on compensation for services performed as a volunteer firefighter continues as a member of, and a participant in, the public employees retirement fund or the public employees police and fire fund, and compensation for services performed as a volunteer firefighter is considered salary.

Subd. 2. [OPTION.] A volunteer firefighter to whom subdivision 1 applies has the option to terminate membership and future participation in the public employees retirement fund or the public employees police and fire fund upon filing of a written notice of intention to terminate participation. Notice must be given on a form prescribed by the executive director of the association and must be filed in the offices of the association not later than June 30, 1990.

Subd. 3. [LIMITATION.] No volunteer firefighter to whom subdivision 1 applies or the governmental employer of the volunteer firefighter may be required to make back contributions to the public employees retirement association for past volunteer firefighter services rendered before July 1, 1989, notwithstanding section 353.27, subdivision 12.

Subd. 4. [REFUND.] Upon timely filing of a valid notice of termination of participation in accordance with subdivision 2, a volunteer firefighter to whom subdivision 1 applies must be given a refund of all past employee contributions made on account of volunteer firefighter service with five percent interest compounded annually.

Subd. 5. [FURTHER OPTION.] A volunteer firefighter, as defined in section 353.01, subdivision 35, who is or becomes a member of, and a participant in, the public employees retirement fund or the public employees police and fire fund and makes contributions to either of those funds based on compensation for services other than services as a volunteer firefighter, has the option of making contributions to the same fund for

service performed as a volunteer firefighter with compensation received for those volunteer firefighter services considered salary, provided that the volunteer firefighter is not a participant in, or covered under, a local volunteer firefighter plan and notwithstanding the fact that the volunteer firefighter service is performed for one governmental unit and the non-volunteer firefighter service is performed for another governmental unit.

Sec. 5. Minnesota Statutes 1988, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND MEMBERSHIP.] Any person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or firefighter, shall as long as the person remains in either position, be deemed to continue membership in the fund. Any person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund on July 1, 1978, by virtue of being a police officer as defined by this section on that date shall be entitled, if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, to continue membership in the fund whether or not that person has the power of arrest by warrant after that date. Any person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall be considered to be a member of the police and fire fund after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date. Any other employee serving on a full-time basis as a police officer or firefighter on or after July 1, 1961, shall become a member of the public employees police and fire fund. Any employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer. Any employee serving on less than a full-time basis as a firefighter, ~~other than a volunteer firefighter,~~ shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter. Any police officer or firefighter, ~~other than a volunteer firefighter,~~ employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund and *any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10* ~~other than a volunteer firefighters relief association to which sections 69.771 to 69.776 apply~~ shall not be a member of this fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective July 1, 1989.

ARTICLE 14

DISPOSITION OF EXCESS POLICE STATE AID

Section 1. Minnesota Statutes 1988, section 43A.316, subdivision 9, is amended to read:

Subd. 9. [INSURANCE TRUST FUND.] An insurance trust fund is established in the state treasury. The deposits consist of the premiums received from employers participating in the plan *and transfers from the public employees insurance reserve holding account established by section 353.65, subdivision 7*. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund shall be credited to the fund.

Sec. 2. Minnesota Statutes 1988, section 69.031, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF STATE AID.] (1) The municipal treasurer, on receiving the fire state aid, shall within 30 days after receipt transmit it to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality; but if there is no relief association organized, or if any association dissolve, be removed, or has heretofore dissolved, or has been removed as trustees of state aid, then the treasurer of the municipality shall keep the money in the municipal treasury as provided for in section 424A.08 and shall be disbursed only for the purposes and in the manner set forth in that section.

(2) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

(a) For a municipality in which a local police relief association exists and all peace officers are members of the association, the total state aid shall be transmitted to the treasurer of the relief association within 30 days of the date of receipt, and the treasurer of the relief association shall immediately deposit the total state aid in the special fund of the relief association;

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, the total state aid shall be applied toward the municipality's employer contribution to the public employees police and fire fund pursuant to section 353.65, subdivision 3, and any state aid in excess of the amount required to meet the employer's contribution pursuant to section 353.65, subdivision 3, shall ~~also be contributed to the public employees police and fire fund and credited in the manner to be specified by the board of trustees of the public employees retirement association deposited in the public employees insurance reserve holding account of the public employees retirement association; or~~

(c) For a municipality in which both a police relief association exists and police retirement coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit

the total state aid to the treasurer of the relief association as provided in clause (a), to use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (b), *except that all state aid in excess of the amount required to meet the employer's contribution under section 353.65, subdivision 3, must be transmitted to the relief association if the relief association has an unfunded actuarial accrued liability*, or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (b), *except that all state aid in excess of the amount required to meet the employer's contribution under section 353.65, subdivision 3, must be transmitted to the relief association if the relief association has an unfunded actuarial accrued liability on the basis of the respective number of active full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).*

(3) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund pursuant to section 353.65, subdivision 3, and any state aid in excess of the amount required to meet the employer's contribution pursuant to section 353.65, subdivision 3, ~~shall also be contributed to the public employees police and fire fund and credited in the manner to be specified by the board of trustees of the public employees retirement association deposited in the public employees insurance reserve holding account of the public employees retirement association.~~

Sec. 3. Minnesota Statutes 1988, section 353.65, subdivision 1, is amended to read:

Subdivision 1. There is a special fund known as the "public employees police and fire fund." In that fund there shall be deposited employee contributions, employer contributions *other than the excess contribution established by section 69.031, subdivision 5, paragraphs (2), clauses (b) and (c), and (3),* and other amounts authorized by law including all employee and employer contributions of members transferred. Within the public employees police and fire fund are accounts for each municipality known as the "local relief association consolidation accounts," which are governed by section 353A.09.

Sec. 4. Minnesota Statutes 1988, section 353.65, subdivision 6, is amended to read:

Subd. 6. All contributions *other than the excess contribution established by section 69.031, subdivision 5, paragraphs (2), clauses (b) and (c), and (3),* shall be credited to the fund and all interest and other income of the fund shall be credited to said fund. The retirement fund shall be disbursed only for the purposes herein provided. The expenses of said fund and the annuities herein provided upon retirement shall be paid from said fund.

Sec. 5. Minnesota Statutes 1988, section 353.65, is amended by adding a subdivision to read:

Subd. 7. *The public employees insurance reserve holding account is established in the public employees retirement association. Excess contributions established by section 69.031, subdivision 5, paragraphs (2), clauses (b) and (c), and (3), must be deposited in the account. These*

contributions and all investment earnings associated with them must be regularly transferred to the insurance trust fund established by section 43A.316, subdivision 9."

Delete the title and insert:

"A bill for an act relating to retirement; various public pension plans, various local police and fire relief associations, the police state aid program, and the public employees retirement association; making administrative modifications in various plans; authorizing the purchase of prior service credit; making various modifications in the judges' retirement plan; establishing, codifying, clarifying, and revising the obligations and responsibilities of public pension plan fiduciaries; making miscellaneous public pension plan modifications; modifying the state university and community college supplemental retirement plan; modifying the individual retirement account plan; expanding the representation of retirees on the St. Paul police and fire department relief associations; increasing the St. Paul police relief association surviving spouse benefit; providing for duty related disability and death benefits of the Bloomington firefighters relief association; providing for postretirement adjustments from the Eveleth police and fire trust fund; providing for nonduty disability benefit coverage of the Mankato fire department relief association; providing postretirement and active service pension increases for the Virginia police relief association; repealing Brooklyn Center firefighters relief association local laws; authorizing greater non-forfeitable short-service service pension for the Minnetonka volunteer firefighters relief association; eliminating a membership restriction for probational firefighters for volunteer firefighters relief associations; clarifying volunteer firefighters relief association supplemental benefits; reducing the service requirement for volunteer firefighters relief association service pensions to five years; clarifying the escalator base for certain salaried firefighters relief associations; excluding volunteer firefighters from public employee retirement association membership; redirecting excess police state aid amounts to the public employees insurance plan; amending Minnesota Statutes 1988, sections 11A.01; 11A.04; 11A.07, subdivision 4; 11A.09; 11A.13, subdivision 1; 43A.316, subdivision 9; 43A.44, subdivision 2; 69.031, subdivision 5; 69.77, subdivision 2g; 69.775; 136.80, subdivision 1; 136.81, subdivision 1; 136.82, subdivisions 1 and 2; 136.84; 352.01, subdivision 11; 352.021, subdivision 5; 352.03, subdivisions 7 and 11; 352.116, subdivision 3; 352.22, subdivisions 1 and 2a; 352.92, by adding a subdivision; 352.93, subdivision 3; 352.96, subdivision 3; 352B.03, subdivision 1; 352B.08, subdivision 3; 352B.10, subdivision 5; 352B.11, subdivision 2; 352C.091, subdivision 1; 352D.04, subdivision 1; 352D.06, subdivision 1; 352D.075, subdivision 2; 352D.09, subdivision 1; 353.01, subdivisions 2a, 2b, 10, and by adding subdivisions; 353.03, subdivision 1; 353.27, subdivision 12; 353.28, subdivisions 5 and 6; 353.29, subdivisions 4 and 7; 353.33, subdivisions 1, 2, 5, 6, and 7; 353.34, subdivision 1; 353.35; 353.64, subdivisions 1, 2, and 3; 353.65, subdivisions 1, 6, and by adding a subdivision; 353.656, subdivision 4; 354.05, subdivisions 2a, 5, 35, and 37; 354.06, subdivision 1; 354.07, subdivision 3; 354.091; 354.092; 354.10, subdivision 2; 354.35; 354.42, subdivision 7; 354.44, subdivisions 3, 5, and 8; 354.47, subdivision 2; 354.48, subdivisions 1 and 2; 354.65; 354.66, subdivision 2; 354A.021, subdivision 6; 354A.31, subdivision 3; 354B.02; 354B.04, subdivision 2; 354B.05, subdivisions 3 and 4; 355.90, subdivisions 3 and 4; 356.001, by adding a subdivision; 356.24; 356.30, subdivisions 2 and 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.371, subdivision 3; 356.80, subdivisions 1 and 3; 422A.05, subdivisions 2a and

2d; 423.374; 423.45; 423.805; 423A.01, subdivision 2; 423A.21, subdivision 4; 424.06; 424A.001, subdivision 7; 424A.01, subdivision 2; 424A.02, subdivisions 1, 2, 7, and 13; 424A.04, subdivision 2; 424A.10; 490.122; and 490.124, subdivision 12; Laws 1955, chapter 151, section 13, as amended; Laws 1965, chapter 446, sections 2 and 3; Laws 1980, chapter 595, section 2, subdivision 4; Laws 1982, chapter 574, section 5, as amended; and Laws 1988, chapter 709, article 3, section 1, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 356A; proposing coding for new law in Minnesota Statutes, chapters 3A; 352; 353; 354; 354A; 354B; 355; 356; and 490; repealing Minnesota Statutes 1988, sections 136.88, subdivision 3; 352.03, subdivision 13; 352.73, subdivision 3; 353.01, subdivision 2c; 353.661; 353.662; 354.41, subdivision 3; 354.531; 354.532; 354.55, subdivision 5; 354.56; and 424A.01, subdivision 3a; Laws 1967, chapter 815; Laws 1978, chapter 683; and Laws 1981, chapter 224, section 245."

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Peterson, R. W. moved that S.F. No. 1238, No. 46 on General Orders, be stricken and re-referred to the Committee on Local and Urban Government. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Solon, Mehrkens, Gustafson, Metzen and Kroening introduced—

S.F. No. 1619: A bill for an act relating to transportation; establishing port improvement assistance program; proposing coding for new law as Minnesota Statutes, chapter 457A.

Referred to the Committee on Transportation.

Mr. Cohen introduced—

S.F. No. 1620: A bill for an act relating to insurance; regulating surplus lines insurance; amending Minnesota Statutes 1988, sections 60A.17, subdivision 12; 60A.198, subdivision 1; and 60A.205, by adding a subdivision.

Referred to the Committee on Commerce.

Messrs. Benson; Larson; Peterson, R. W. and Mrs. Adkins introduced—

S.F. No. 1621: A bill for an act relating to wastewater treatment funding; amending the state independent grants program; amending Minnesota Statutes 1988, section 116.18, subdivision 3a; appropriating money.

Referred to the Committee on Environment and Natural Resources.

Messrs. Merriam; Moe, R.D.; Novak; Knaak and Lessard introduced—

S.F. No. 1622: A bill for an act relating to drainage; changing and clarifying certain provisions related to drainage proceedings; enacting a landowners' bill of rights for drainage proceedings; amending Minnesota Statutes 1988, sections 106A.005, subdivision 9, and by adding subdivisions; 106A.202, subdivision 3; 106A.215, subdivision 5, and by adding a subdivision; 106A.241, subdivision 1; 106A.261, subdivisions 3 and 4; 106A.305, subdivision 1; 106A.315, subdivisions 3, 5, and 8; 106A.323, subdivision 2, and by adding a subdivision; 106A.341, subdivisions 1 and 2; 106A.525, subdivision 2; 106A.701, by adding a subdivision; 106A.705; 106A.745; and 106A.811, subdivisions 3, 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1988, sections 106A.525, subdivisions 4 and 5; 106A.701, subdivision 1; and 106A.715.

Referred to the Committee on Environment and Natural Resources.

MEMBERS EXCUSED

Mr. Purfeerst was excused from the Session of today at 4:30 p.m. Mr. Samuelson was excused from the Session of today from 2:30 to 3:00 p.m. Mr. Hughes was excused from the Session of today from 6:15 to 7:00 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Thursday, May 4, 1989. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate