FORTY-NINTH DAY

St. Paul, Minnesota, Wednesday, May 10, 1989

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

CALL OF THE SENATE

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

Prayer was offered by Senator Pat Piper.

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.	Mehrkens	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 communications were received.

May 9, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 134, 227, 435, 618, 787 and 1106.

Sincerely,
Rudy Perpich, Governor

May 9, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 695, 628 and 1082.

Sincerely,
Rudy Perpich, Governor

May 9, 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
	85	71	1423 hours May 8	May 8
	212	72	1425 hours May 8	May 8
	1172	73	1426 hours May 8	May 8
	1056	74	1428 hours May 8	May 8
	895	75	1429 hours May 8	May 8
	483	77	1430 hours May 8	May 8
	1438	Res. No. 4		May 8

Sincerely,
Joan Anderson Growe
Secretary of State

May 10, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 321 and 493.

Sincerely,
Rudy Perpich, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 281 and 886.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1989

Mr. President:

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

S.F. No. 180: A bill for an act relating to the office of the secretary of state; establishing a procedure for contesting the registration of a corporation, limited partnership, or assumed name, or a trade or service mark with the secretary of state; providing that the office of the secretary of state is not liable for registrations; amending Minnesota Statutes 1988, sections 300.025; 302A.115, by adding a subdivision; 303.05, by adding a subdivision; 308.06, by adding a subdivision; 317.09, by adding a subdivision; 322A.02; 322A.72; 1989 S.F. No. 525, section 12, by adding a subdivision; S.F. No. 848, article 1, section 8, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 5.

Senate File No. 180 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1989

Mr. Moe, R.D. moved that S.F. No. 180 be laid on the table. The motion prevailed.

Mr. President:

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

S.F. No. 297: A bill for an act relating to game and fish; authorizing party hunting for small game; authorizing party fishing by angling; proposing coding for new law in Minnesota Statutes, chapters 97B and 97C.

Senate File No. 297 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1989

CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 297 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 297: A bill for an act relating to game and fish; regulating ammunition that may be used to take big game; authorizing party hunting for small game; authorizing party fishing by angling; amending Minnesota Statutes 1988, section 97B.031, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 97B and 97C.

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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1031: A bill for an act relating to health; establishing notice requirements for emergency medical services personnel who are first responders; providing safeguards for first responders against exposure to infectious diseases; proposing coding for new law in Minnesota Statutes, chapter 144.

Senate File No. 1031 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1989

CONCURRENCE AND REPASSAGE

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 1031 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1031 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1269: A bill for an act relating to gambling; video games of chance; requiring notice to the public and to employees of the consequences of participating in cash awards; amending Minnesota Statutes 1988, sections 349.51, subdivision 2; 349.53; and 349.56; proposing coding for new law in Minnesota Statutes, chapter 349.

Senate File No. 1269 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1989

CONCURRENCE AND REPASSAGE

Mr. Diessner moved that the Senate concur in the amendments by the House to S.F. No. 1269 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1269: A bill for an act relating to gambling; video games of chance; prohibiting cash awards; requiring notice to the public and to employees of the consequences of participating in cash awards; prescribing a penalty; amending Minnesota Statutes 1988, sections 349.51, subdivision 2; 349.53; and 349.56; proposing coding for new law in Minnesota Statutes, chapter 349.

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 55 and nays 3, as follows:

Those who voted in the affirmative were:

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

Messrs. Merriam, Morse and Waldorf voted in the negative.

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 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.

Senate File No. 1417 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1989

Mr. Novak moved that S.F. No. 1417 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1689 and 950.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 9, 1989

FIRST READING OF HOUSE BILLS

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

H.F. No. 1689: A resolution memorializing the President and Congress

of the United States to take action to review and revise the statutory framework of the laws of the United States with respect to hostile takovers and stock accumulations having certain adverse effects and to permit certain state regulation.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1585, now on General Orders.

H.F. No. 950: A bill for an act relating to human rights; adopting federal fair housing amendments; clarifying the definition of disability; limiting the use of psychological tests; limiting age-related questions in employment applications; clarifying who is an aggrieved party for certain violations; clarifying burden on the employer to show a person's impairment is disqualifying; providing for service of subpoenas personally or by mail; allowing the commissioner discretion on access to data in closed files; changing contract compliance certification; clarifying the time period allowed for filing a private lawsuit; modifying notice requirements in certain human rights appeals; amending Minnesota Statutes 1988, sections 363.01, subdivisions 25, 25a, 31, and by adding a subdivision; 363.02, subdivisions 1, 2, 2a, 2b, and 6; 363.03, subdivisions 1, 3, 7, 8, and by adding subdivisions; 363.05, subdivision 2; 363.073, subdivisions 1 and 3; 363.117; 363.123; 363.14, subdivision 1; and 363.15; repealing Minnesota Statutes 1988, section 363.01, subdivisions 30 and 32.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 446, now on General Orders.

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. 879: A bill for an act relating to public safety; providing for authority to regulate pipelines; imposing penalties; amending Minnesota Statutes 1988, sections 116I.01, subdivision 3; 116I.05; 216D.01, subdivisions 9, 10, and by adding a subdivision; 299F.56, subdivisions 5 and 6a; 299F.57; 299F.59, subdivision 1; 299F.60; 299F.61; 299F.62; 299F.63; 299F.631; 299F.641; 299J.01; 299J.03, subdivision 2; 299J.04; 299J.05; 299J.06, subdivision 2; 299J.08; 299J.10; 299J.11; 299J.12; and 299J.16; proposing coding for new law in Minnesota Statutes, chapter 216D; repealing Minnesota Statutes 1988, section 299J.09.

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. 1253: A bill for an act relating to metropolitan government; regulating the borrowing authority of the regional transit board; amending Minnesota Statutes 1988, section 473.39, subdivision 1a, and by adding a subdivision.

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

Page 1, line 11, delete "*$33,000,000*" and insert "*$62,000,000*"

Page 1, line 17, delete "*$11,000,000*" and insert "*$4,700,000*"

Pages 2 and 3, delete section 2

Page 3, line 13, delete "3" and insert "2"

Amend the title as follows:

Page 1, line 5, delete ", and by adding a subdivision"

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. 262: A bill for an act relating to protection of groundwater; protecting sensitive areas; promoting and requiring certain best management practices; providing financial assistance for certain groundwater protection activities; authorizing local government groundwater and resource protection programs; establishing a legislative commission on water; providing for determination of water research needs; developing a water education curriculum; regulating wells, borings, and underground drillings and uses; regulating water conservation, water appropriations, and setting fees; establishing regulations, enforcing violations, and establishing civil and criminal penalties for violations relating to pesticide, fertilizer, soil amendment, and plant amendment manufacture, storage, sale, use, and misuse; providing a mechanism to aid cleanup and response to incidents relating to agricultural chemicals; providing a task force relating to sustainable agriculture; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 18B.01, subdivisions 5, 12, 15, 19, 21, 26, 30, and by adding subdivisions; 18B.04; 18B.07, subdivisions 2, 3, 4, and 6; 18B.08, subdivisions 1, 3, and 4; 18B.26, subdivisions 1, 3, 5, and by adding a subdivision; 18B.31, subdivisions 3 and 5; 18B.32, subdivision 2; 18B.33, subdivisions 1, 3 and 7; 18B.34, subdivisions 1, 2 and 5; 18B.36, subdivisions 1 and 2; 18B.37, subdivisions 1, 2, 3, and 4; 40.42, by adding a subdivision; 40.43, subdivisions 2 and 6; 43A.08, subdivision 1; 105.41, subdivisions 1, 1a, 1b, 5, and by adding a subdivision; 105.418; 110B.04, subdivision 6; 115B.20; 116C.41, subdivision 1; 144.381; 144.382, subdivision 1, and by adding a subdivision; and 473.877, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; 17; 18B; and 144; proposing coding for new law as Minnesota Statutes, chapters 18C; 18D; 18E; 103A; 103B; 103H; and 103I; repealing Minnesota Statutes 1988, sections 17.711 to 17.73; 18A.49; 18B.15; 18B.16; 18B.18; 18B.19; 18B.20; 18B.21; 18B.22; 18B.23; 18B.25; 84.57 to 84.621; 105.51, subdivision 3; and 156A.01 to 156A.11.

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

Page 9, line 35, delete "*commission*" and insert "*joint legislative committee*"

Page 11, line 32, delete "LEGISLATIVE COMMISSION" and insert "JOINT SENATE-HOUSE LEGISLATIVE COMMITTEE"

Page 11, lines 33 and 35, delete "*legislative commission*" and insert "*joint legislative committee*"

Page 11, line 34, delete "*in the legislative branch*"

Page 12, lines 9, 10, 11, 17, 22, 30, 32, and 34, delete "*commission*" and insert "*joint committee*"

Page 12, line 12, delete "*committees*" and insert "*subcommittees*"

Page 12, lines 13 and 15, delete "*legislative commission*" and insert "*joint legislative committee*"

Page 12, lines 24 and 25, delete "*legislative commission*" and insert "*joint legislative committee*"

Page 12, line 35, delete "*committees*" and insert "*subcommittees*" and after "*to*" insert "*the Minnesota future resources commission and*"

Page 13, line 1, after "*respective*" insert "*commission or*"

Page 13, line 2, delete "*legislative commission*" and insert "*joint legislative committee*"

Page 13, line 5, after the second "*the*" insert "*Minnesota future resources commission and the*"

Page 13, line 9, delete "*commission*" and insert "*joint committee*"

Page 15, line 18, delete "[17.117]" and insert "[40.31]"

Page 15, line 20, delete "*Subdivision 1.* [POSITION DUTIES.]"

Page 15, delete lines 31 and 32 and insert:

"*Contracts to carry out the program must be awarded by the board of water and soil resources following review by the joint legislative committee on water and the Minnesota future resources commission.*"

Page 18, lines 12 and 23, delete "*legislative commission on water*" and insert "*joint legislative committee on water and the Minnesota future resources commission*"

Page 18, line 24, delete "*November*" and insert "*September*" and delete "*even-numbered*" and insert "*odd-numbered*"

Page 66, line 24, delete from "ACCOUNT" through page 66, line 34, to "WATER"

Page 67, lines 7 and 8, delete "*safe drinking water account*" and insert "*general fund*"

Page 70, line 21, delete "*$1,000*" and insert "*$2,000*"

Page 70, delete lines 33 to 36 and insert:

"*(1) 5.0 cents per 1,000 gallons until December 31, 1991;*

(2) 10.0 cents for 1,000 gallons from January 1, 1992, until December 31, 1996; and

(3) 15.0 cents per 1,000 gallons after January 1, 1997."

Page 71, delete lines 1 to 21

Page 81, line 28, after the period, insert "*The fee for disinfectants and sanitizers is $200. Of the amount collected, $600,000 per year must be credited to the waste pesticide account under section 17, subdivision 5.*"

Pages 135 to 149, delete articles 9 and 10 and insert:

"ARTICLE 9

CHAPTER 18E

AGRICULTURAL CHEMICAL INCIDENT PAYMENT AND REIMBURSEMENT

Section 1. [18E.01] [CITATION.]

This chapter may be cited as the agricultural chemical response and reimbursement law.

Sec. 2. [18E.02] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS IN CHAPTER 18B, 18C, AND 18D APPLY.] *The definitions contained in this section and chapters 18B, 18C, and 18D apply to this chapter.*

Subd. 2. [ACCOUNT.] *"Account" means the agricultural chemical response and reimbursement account.*

Subd. 3. [AGRICULTURAL CHEMICAL.] *"Agricultural chemical" means pesticide, fertilizer, plant amendment, or soil amendment but does not include nitrate and related nitrogen from a natural source.*

Subd. 4. [ELIGIBLE PERSON.] *"Eligible person" means a responsible party or an owner of real property, but does not include the state, a state agency, a political subdivision of the state, the federal government, or an agency of the federal government.*

Sec. 3. [18E.03] [AGRICULTURAL CHEMICAL RESPONSE AND REIMBURSEMENT ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] *The agricultural chemical response and reimbursement account is established as an account in the state treasury.*

Subd. 2. [EXPENDITURES.] *(a) Money in the agricultural chemical response and reimbursement account may only be used:*

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded; and

(3) to reimburse and pay corrective action costs under section 4.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Subd. 3. [DETERMINATION OF RESPONSE AND REIMBURSEMENT FEE.] *(a) The commissioner shall determine the amount of the response and reimbursement fee under subdivision 5 after a public hearing, but notwithstanding section 16A.128, based on:*

(1) the amount needed to maintain a balance in the account of $1,000,000;

(2) the amount estimated to be needed for responses to incidents as provided in subdivision 2, clauses (1) and (2); and

(3) the amount needed for payment and reimbursement under section 4.

(b) The commissioner shall determine the response and reimbursement

fee so that the balance in the account does not exceed $5 million.

(c) Money from the response and reimbursement fee shall be deposited in the treasury and credited to the agricultural chemical response and reimbursement account.

Subd. 4. [FEE THROUGH 1990.] *(a) The response and reimbursement fee consists of the surcharge fees in this subdivision and shall be collected until December 31, 1990.*

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state for use in the state, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under article 7, section 25, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a $150 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a $150 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under article 7, sections 23 and 25;

(3) a $50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a $20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7;

(5) a $20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a $50 surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.

(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.

Subd. 5. [FEE AFTER 1990.] *(a) The response and reimbursement fee after December 31, 1990, consists of the surcharges in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined under subdivision 3. The amount of the surcharges shall be proportionate to the surcharges in subdivision 4.*

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration fee under section 18B.26, subdivision 3, as a percent of sales of the pesticide in the state for use in the state, except the surcharge may not be imposed

on pesticides that are sanitizers or disinfectants as determined by the commissioner.

(c) The commissioner shall impose a fee per ton surcharge on the inspection fee under article 7, section 25, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the application fee of persons licensed under chapters 18B and 18C consisting of:

(1) a surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under article 7, sections 23 and 25;

(3) a surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7;

(5) a surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, a political subdivision of the state, the federal government, or an agency of the federal government; and

(6) a surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.

(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.

Subd. 6. [REVENUE SOURCES.] *Revenue from the following sources must be deposited in the state treasury and credited to the agricultural chemical response and reimbursement account:*

(1) the proceeds of the fees imposed by subdivisions 3 and 5;

(2) money recovered by the state for expenses paid with money from the account;

(3) interest attributable to investment of money in the account; and

(4) money received by the commissioner in the form of gifts, grants other than federal grants, reimbursements, and appropriations from any source intended to be used for the purposes of the account.

Sec. 4. [18E.04] [REIMBURSEMENT OR PAYMENT OF RESPONSE COSTS.]

Subdivision 1. [REIMBURSEMENT OF RESPONSE COSTS.] *The commissioner shall reimburse an eligible person from the agricultural chemical response and reimbursement account for the reasonable and necessary costs incurred by the eligible person in taking corrective action as provided in subdivision 4, if the commissioner determines:*

(1) the eligible person complied with corrective action orders issued to the eligible person by the commissioner; and

(2) the incident was reported as required in chapters 18B, 18C, and 18D.

Subd. 2. [PAYMENT OF CORRECTIVE ACTION COSTS.] *(a) On request by an eligible person, the commissioner may pay the eligible person for the reasonable and necessary cash disbursements for corrective action costs incurred by the eligible person as provided under subdivision 4 if the commissioner determines:*

(1) the eligible person pays the first $1,000 of the corrective action costs;

(2) the eligible person provides the commissioner with a sworn affidavit and other convincing evidence that the eligible person is unable to pay additional corrective action costs;

(3) the eligible person continues to assume responsibility for carrying out the requirements of corrective action orders issued to the eligible person or that are in effect; and

(4) the incident was reported as required in chapters 18B, 18C, and 18D.

(b) An eligible person is not eligible for payment or reimbursement and must refund amounts paid or reimbursed by the commissioner if false statements or misrepresentations are made in the affidavit or other evidence submitted to the commissioner to show an inability to pay corrective action costs.

Subd. 3. [PARTIAL REIMBURSEMENT.] *If the commissioner determines that an incident was caused by a violation of chapter 18B, 18C, or 18D, the commissioner may reimburse or pay a portion of the corrective action costs of the eligible person based on the culpability of the eligible person and the percentage of the costs not attributable to the violation.*

Subd. 4. [REIMBURSEMENT PAYMENTS.] *(a) The commissioner shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:*

(1) 90 percent of the total reasonable and necessary corrective action costs greater than $1,000 and less than $100,000; and

(2) 100 percent of the total reasonable and necessary corrective action costs equal to or greater than $100,000 but less than $200,000.

(b) A reimbursement or payment may not be made until the commissioner has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The commissioner may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements under this subdivision.

Subd. 5. [REIMBURSEMENT OR PAYMENT DECISIONS.] *(a) The commissioner may issue a letter of intent on whether a person is eligible for payment or reimbursement. The letter is not binding on the commissioner.*

(b) The commissioner must issue an order granting or denying a request within 30 days following a request for reimbursement or for payment under

subdivisions 1, 2, or 3.

(c) After an initial request is made for reimbursement, notwithstanding subdivisions 1 to 4, the commissioner may deny additional requests for reimbursement.

(d) If a request is denied, the eligible person may appeal the decision as a contested case hearing under chapter 14.

Subd. 6. [SUBROGATION.] *(a) If a person other than a responsible party is paid or reimbursed from the response reimbursement account as a condition of payment or reimbursement, the state is subrogated to the rights of action the person paid or reimbursed has against the responsible party. The commissioner shall collect the amounts from the responsible party and on request of the commissioner the attorney general shall bring an action to enforce the collection.*

(b) Amounts collected under this subdivision must be credited to the agricultural chemical response and reimbursement account.

Sec. 5. Minnesota Statutes 1988, section 115B.20, is amended to read:

115B.20 [ENVIRONMENTAL RESPONSE, COMPENSATION AND COMPLIANCE FUND.]

Subdivision 1. [ESTABLISHMENT.] *(a)* The environmental response, compensation and compliance fund is created as an account in the state treasury and may be spent only for the purposes provided in subdivision 2.

(b) The commissioner of finance shall administer a response account in the fund for the agency and the commissioner of agriculture to take removal, response, and other actions authorized under subdivision 2, clauses (1) to (4). The commissioner of finance shall allocate money from the account to the agency and the commissioner of agriculture to take actions required under subdivision 2, clauses (1) to (4).

(c) The commissioner of finance shall administer the account in a manner that allows the commissioner of agriculture and the agency to utilize the money in the account to implement their removal and remedial action duties as effectively as possible.

Subd. 2. [PURPOSES FOR WHICH MONEY MAY BE SPENT.] Subject to appropriation by the legislature the money in the fund may be spent for any of the following purposes:

~~(a)~~ *(1)* preparation by the agency *and the commissioner of agriculture* for taking removal or remedial action under section 115B.17, *or under chapter 18D*, including investigation, monitoring and testing activities, enforcement and compliance efforts relating to the release of hazardous substances, pollutants or contaminants under section 115B.17 or 115B.18, *or chapter 18D*;

~~(b)~~ *(2)* removal and remedial actions taken or authorized by the agency or the commissioner of the pollution control agency under section 115B.17, *or taken or authorized by the commissioner of agriculture under chapter 18D* including related enforcement and compliance efforts under section 115B.17 or 115B.18, *or chapter 18D,* and payment of the state share of the cost of remedial action which may be carried out under a cooperative agreement with the federal government pursuant to the Federal Superfund Act, under United States Code, title 42, section 9604(c)(3) for actions

related to facilities other than commercial hazardous waste facilities located under the siting authority of chapter 115A;

~~(c)~~ *(3)* reimbursement to any private person for expenditures made before July 1, 1983 to provide alternative water supplies deemed necessary by the agency *or the commissioner of agriculture* and the department of health to protect the public health from contamination resulting from the release of a hazardous substance;

~~(d)~~ *(4)* removal and remedial actions taken or authorized by the agency or the commissioner of *agriculture or* the pollution control agency under section 115B.17, *or chapter 18D,* including related enforcement and compliance efforts under section 115B.17 or 115B.18, *or chapter 18D*, and payment of the state share of the cost of remedial action which may be carried out under a cooperative agreement with the federal government pursuant to the Federal Superfund Act, under United States Code, title 42, section 9604(c)(3) for actions related to commercial hazardous waste facilities located under the siting authority of chapter 115A;

~~(e)~~ *(5)* compensation as provided by law, after submission by the waste management board of the report required under section 115A.08, subdivision 5, to mitigate any adverse impact of the location of commercial hazardous waste processing or disposal facilities located pursuant to the siting authority of chapter 115A;

~~(f)~~ *(6)* planning and implementation by the commissioner of natural resources of the rehabilitation, restoration or acquisition of natural resources to remedy injuries or losses to natural resources resulting from the release of a hazardous substance;

~~(g)~~ *(7)* inspection, monitoring and compliance efforts by the agency, or by political subdivisions with agency approval, of commercial hazardous waste facilities located under the siting authority of chapter 115A;

~~(h)~~ *(8)* grants by the agency or the waste management board to demonstrate alternatives to land disposal of hazardous waste including reduction, separation, pretreatment, processing and resource recovery, for education of persons involved in regulating and handling hazardous waste;

~~(i)~~ *(9)* intervention and environmental mediation by the legislative commission on waste management under chapter 115A; and

~~(j)~~ *(10)* grants by the agency to study the extent of contamination and feasibility of cleanup of hazardous substances and pollutants or contaminants in major waterways of the state.

Subd. 3. [LIMIT ON CERTAIN EXPENDITURES.] The commissioner of *agriculture or* the pollution control agency or the agency may not spend any money under subdivision 2, clause ~~(b)~~ *(2)* or ~~(d)~~ *(4)*, for removal or remedial actions to the extent that the costs of those actions may be compensated from any fund established under the Federal Superfund Act, United States Code, title 42, section 9600 et seq. The commissioner of *agriculture or* the pollution control agency or the agency shall determine the extent to which any of the costs of those actions may be compensated under the federal act based on the likelihood that the compensation will be available in a timely fashion. In making this determination the commissioner of *agriculture or* the pollution control agency or the agency shall take into account:

~~(a)~~ *(1)* the urgency of the removal or remedial actions and the priority

assigned under the Federal Superfund Act to the release which necessitates those actions;

~~(b)~~ *(2)* the availability of money in the funds established under the Federal Superfund Act; and

~~(c)~~ *(3)* the consistency of any compensation for the cost of the proposed actions under the Federal Superfund Act with the national contingency plan, if such a plan has been adopted under that act.

Subd. 4. [REVENUE SOURCES.] Revenue from the following sources shall be deposited in the environmental response, compensation and compliance fund:

~~(a)~~ *(1)* the proceeds of the taxes imposed pursuant to section 115B.22, including interest and penalties;

~~(b)~~ *(2)* all money recovered by the state under sections 115B.01 to 115B.18 or under any other statute or rule related to the regulation of hazardous waste or hazardous substances, including civil penalties and money paid under any agreement, stipulation or settlement but excluding fees imposed under section 116.12;

~~(c)~~ *(3)* all interest attributable to investment of money deposited in the fund; and

~~(d)~~ *(4)* all money received in the form of gifts, grants, reimbursement or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants.

Subd. 5. [RECOMMENDATION BY LCWM.] The legislative commission on waste management *and the commissioner of agriculture* shall make recommendations to the standing legislative committees on finance and appropriations regarding appropriations from the fund.

Subd. 6. [REPORT TO LEGISLATURE.] ~~By November 1, 1984, and~~ Each year ~~thereafter~~, *the commissioner of agriculture and* the agency shall submit to the senate finance committee, the house appropriations committee and the legislative commission on waste management a report detailing the activities for which money from the environmental response, compensation and compliance fund has been spent during the previous fiscal year.

Sec. 6. [REVIEW OF PRIORITIES LIST.]

The commissioner of agriculture in consultation with the pollution control agency shall review the priorities list under section 115B.17, subdivision 13, and evaluate the appropriateness of the ranking criteria for agricultural chemical releases, and how groundwater in the state is protected from agricultural chemical releases based on the priorities and use of the fund. The commissioner of agriculture shall prepare a report and submit it to the joint legislative committee on water and the legislature by January 1, 1990.

Sec. 7. [STUDY ON THE HEALTH AND RESPONSE RISKS OF AGRICULTURAL CHEMICALS.]

The commissioner of agriculture shall conduct a study and report and submit it to the legislature by January 15, 1990, on agricultural chemicals in the state that pose the greatest health risk and health hazard due to toxicity, amount used in the state, leachability, persistence, and other

factors, and the agricultural chemicals that pose the greatest risk of incurring corrective action which would be reimbursed from the agricultural chemical response and reimbursement account.

ARTICLE 10

APPROPRIATION

Section 1. [APPROPRIATION.]

Subdivision 1. $16,068,000 is appropriated from the general fund to the agencies and for the purposes indicated in this section, to be available for the fiscal year ending June 30 in the years indicated. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

	1990	*1991*
	$	*$*
Subd. 2. HEALTH		
(a) Promulgate adopted long-term risk measurements under article 1, section 8	*125,000*	*125,000*
(b) Water well management program under article 3	*540,000*	*1,300,000*
(c) Ensure safe drinking water under the safe drinking water act	*2,371,000*	*2,151,000*
The approved complement of the department of health is increased by 30 positions in fiscal year 1990 and 20 additional positions in fiscal year 1991.		
Subd. 3. AGRICULTURE		
Monitor water quality, provide technical support, provide laboratory services	*418,000*	*418,000*
The approved complement of the department of agriculture is increased by 37 positions, seven in the general fund and 30 in the special revenue fund.		
Subd. 4. BOARD OF WATER AND SOIL RESOURCES		
(a) Comprehensive local water management	*50,000*	*50,000*
(b) Local water resources protection under article 2	*610,000*	*1,844,000*
(c) Environmental agriculture education under article 2, section 3	*750,000*	*750,000*
(d) Well sealing cost-share grants under article 3, section 21	*65,000*	*565,000*
The approved complement of the board of water and soil resources is increased by three positions.		
Subd. 5. JOINT LEGISLATIVE COMMITTEE ON WATER		
General operations under article 2, section 1	*83,000*	*87,000*

Subd. 6. NATURAL RESOURCES		
(a) Provide technical assistance for shoreland management	*50,000*	*50,000*
(b) Develop county atlas	*150,000*	*150,000*
(c) Regional groundwater assessment, gauging, and technical assistance	*525,000*	*525,000*
The approved complement of the department of natural resources is increased by eight positions.		
Subd. 7. POLLUTION CONTROL AGENCY		
(a) Develop and implement best management practices and provide technical assistance under article 1	*125,000*	*125,000*
(b) Clean water partnership	*500,000*	
(c) Integrated Groundwater Information System	*150,000*	*150,000*
The approved complement of the pollution control agency is increased by five positions.		
Subd. 8. STATE PLANNING AGENCY		
Maintain integrated, computerized groundwater monitoring data base under article 1, section 7	*75,000*	*75,000*
Subd. 9. UNIVERSITY OF MINNESOTA		
(a) Integrated pest management	*233,000*	*233,000*
This appropriation is intended to provide for four positions within the Minnesota extension service: one assistant integrated pest management coordinator, two agricultural integrated pest management specialists, and one urban integrated pest management specialist.		
(b) Research by agricultural experiment stations on the impact of agriculture on groundwater	*250,000*	*250,000*
(c) Health study	*150,000*	
This appropriation is for a comprehensive evaluation of pesticide applicator health and an education program to improve applicator health and safety practices. This appropriation shall be distributed by the university to the laboratory of environmental medicine and pathology and the department of family practice for a coordinated applicator study and education program.		

Sec. 2. [APPROPRIATION AND REIMBURSEMENT.]

$1,000,000 is appropriated from the general fund to the response and reimbursement account to be used for the purposes of article 9. This amount

must be reimbursed from the response and reimbursement account to the general fund from revenue to the response and reimbursement account by June 30, 1990."

Amend the title as follows:

Page 1, line 7, after "a" insert "joint"

Page 1, line 8, delete "commission" and insert "committee"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 879, 1253 and 262 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Ramstad introduced—

Senate Resolution No. 128: A Senate resolution designating October 18, 1989, as AFS Intercultural Programs Day.

Referred to the Committee on Rules and Administration.

Mr. Stumpf moved that the name of Mr. Johnson, D.J. be added as a co-author to S.F. No. 145. The motion prevailed.

Mr. Novak moved that S.F. No. 1417 be taken from the table. The motion prevailed.

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.

CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 1417 and that the bill be placed on its repassage as amended. The motion prevailed.

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 to 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, 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 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Hughes reported that the committee had considered the following:

S.F. Nos. 957, 1221, 54, 764, 989, H.F. Nos. 135, 1221, 146, 1560, 1353 and 245 which the committee recommends to pass.

S.F. No. 775, which the committee recommends to pass, after the following motion:

Mr. Gustafson moved to amend S.F. No. 775 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1988, section 183.42, is amended to read:

183.42 [INSPECTION EACH YEAR.]

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

Sec. 2. Minnesota Statutes 1988, section 183.45, is amended to read:

183.45 [INSPECTION.]

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

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

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

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

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

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 2

Section 1. Minnesota Statutes 1988, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. *The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department or a compensation judge to order an examination at a location further from the petitioner's residence.* The employee is entitled upon request to have a personal physician present at any such examination. Each party shall defray the cost of that party's physician. Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury, shall be made available, upon request and without charge, to the injured employee or representative of the employee. The employer shall pay reasonable travel expenses, *in advance if requested,* incurred by the employee in attending the examination including mileage, parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination. A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition.

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

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

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

ARTICLE 3

WORKERS' COMPENSATION SYSTEM CHANGES

Section 1. Minnesota Statutes 1988, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which *(1)* pays or is obligated to pay less than ~~$8,000~~ *$20,000* in cash wages, exclusive of machine hire, to farm laborers for services rendered

during the preceding calendar year, *and (2) has total liability and medical payment coverage equal to $250,000 and $5,000, respectively, under a farm liability insurance policy*. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1988, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed ~~66 2/3~~ *80* percent of the ~~product of the daily wage times the number of days normally worked~~ *employee's after-tax weekly wage*, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1988, section 176.011, is amended by adding a subdivision to read:

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

Sec. 4. Minnesota Statutes 1988, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section ~~176.101~~ *13*. If doubt exists as to the eventual permanent partial disability, payment ~~for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101,~~ shall be ~~then~~ made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of ~~economic recovery compensation or lump sum or periodic payment of impairment compensation~~ *permanent partial disability compensation*, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101.~~ The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive ~~economic recovery compensation or impairment~~ *permanent partial* compensation vests in an injured employee *or in the employee's dependents under this chapter or, if none, in the employee's legal heirs* at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. ~~Upon the death of an employee who is receiving economic recovery compensation~~

~~or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.~~ *The right is not abrogated by the employee's death prior to the making of the payment.*

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

Sec. 5. Minnesota Statutes 1988, section 176.041, subdivision 4, is amended to read:

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

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

Sec. 6. Minnesota Statutes 1988, section 176.061, subdivision 10, is amended to read:

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

Sec. 7. Minnesota Statutes 1988, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) A fee for legal services of 25 percent of the first $4,000 of compensation awarded to the employee and 20 percent of the

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

(b) An attorney who is claiming legal fees ~~under this section~~ *for representing an employee in a workers' compensation matter* shall file a statement of ~~attorney's~~ *attorney* fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee.

If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5.

If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

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

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

Sec. 8. Minnesota Statutes 1988, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of

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

Sec. 9. Minnesota Statutes 1988, section 176.081, subdivision 3, is amended to read:

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

Sec. 10. Minnesota Statutes 1988, section 176.101, subdivision 1, is amended to read:

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

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

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

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

(1) the disability ends;

(2) the employee returns to work;

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

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

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

paragraph (b).

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

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

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

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

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

Sec. 11. Minnesota Statutes 1988, section 176.101, is amended by adding a subdivision to read:

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

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

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

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

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

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

(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum

number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.

Sec. 12. Minnesota Statutes 1988, section 176.101, subdivision 2, is amended to read:

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

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

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

(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

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

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

Sec. 13. Minnesota Statutes 1988, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] *(a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:*

Percent of Disability	*Amount*
0-25	*$ 75,000*
26-30	*80,000*
31-35	*85,000*
36-40	*90,000*
41-45	*95,000*
46-50	*100,000*
51-55	*120,000*

56-60	*140,000*
61-65	*160,000*
66-70	*180,000*
71-75	*200,000*
76-80	*240,000*
81-85	*280,000*
86-90	*320,000*
91-95	*360,000*
96-100	*400,000*

An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.

(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.

Sec. 14. Minnesota Statutes 1988, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66 2/3~~ *80* percent of the ~~daily~~ *after-tax weekly* wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of $25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1988, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY~~ *DEFINITION.*] *(a) For purposes of subdivision 4, permanent total disability means only:*

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no

effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties~~,~~; or

(2) any other injury which totally *and permanently* incapacitates the employee from working at an occupation which brings the employee an income ~~constitutes total disability~~.

(b) For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.

Sec. 16. Minnesota Statutes 1988, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] *(a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.*

(b) Rehabilitation is intended to restore the injured employee~~, through physical and vocational rehabilitation,~~ so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 17. Minnesota Statutes 1988, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors*. The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1988, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and ~~two members~~ *one member* each ~~from~~ *representing* employers, insurers, ~~rehabilitation,~~ and medicine, ~~one member representing chiropractors, and four~~ *two* members *each* representing labor *and rehabilitation vendors, and six members who are qualified rehabilitation consultants*. The members shall be appointed by the commissioner and shall

serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 19. Minnesota Statutes 1988, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to $1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, ~~and~~ one member representing medicine~~, chiropractic,~~ or rehabilitation *vendors, and one member representing qualified rehabilitation consultants.*

Sec. 20. Minnesota Statutes 1988, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.~~

~~For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time.~~ *A rehabilitation consultation must be provided by the employer to an injured employee upon request of the*

employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate pursuant to subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate pursuant to subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.

(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) The qualified rehabilitation consultant ~~appointed by the employer or insurer~~ shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest.

The consultant shall also disclose to all parties any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, ~~including~~ *or to* any attorneys, doctors, or chiropractors.

~~If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.~~

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may ~~choose~~ *request* a different qualified rehabilitation consultant ~~as follows:~~

~~(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;~~

~~(2) once after the 60-day period referred to in clause (1); and~~

~~(3) subsequent requests~~ *which* shall be ~~determined~~ *granted or denied* by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall ~~enter into a program if one is prescribed in~~ *develop* a rehabilitation plan *within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate.* A copy of the plan, including a target date for return to work, shall be submitted to the commissioner *within 15 days after the plan has been developed.*

~~(b)~~ *(f)* If the employer does not provide rehabilitation consultation, *or the employee does not select a qualified rehabilitation consultant,* as ~~required~~

~~by this section~~ *provided under paragraph (a)*, the commissioner or compensation judge shall notify the employer that if the employer fails to ~~appoint~~ *provide, or the employee fails to select, whichever is applicable,* a qualified rehabilitation consultant ~~or other persons as permitted by clause (a)~~ within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

~~(c)~~ *(g)* In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

~~(d)~~ *(h)* The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1988, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. *A plan that is not completed within six months or that will cost more than $3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.*

Sec. 22. Minnesota Statutes 1988, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] *(a)* Upon request by the commissioner, insurer, employer, or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

(b) If a rehabilitation plan has not already been filed pursuant to subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.

Sec. 23. Minnesota Statutes 1988, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING.] *(a)* Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner *or compensation judge* determines that this additional compensation is warranted due to unusual

or unique circumstances of the employee's retraining plan, the commissioner *or compensation judge* may award additional compensation in an amount ~~the commissioner determines is appropriate,~~ not to exceed the employee's request. This additional compensation shall cease at any time the commissioner *or compensation judge* determines the special circumstances are no longer present.

(b) Pursuant to section 176.101, subdivisions 1 and 2, temporary total disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.

Sec. 24. Minnesota Statutes 1988, section 176.105, subdivision 1, is amended to read:

Subdivision 1. *(a)* The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.*

(b) Disability ratings for permanent partial disability must be based on objective medical evidence.

Sec. 25. Minnesota Statutes 1988, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ *80* percent of the *after-tax* weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1988, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ *80* percent of the ~~daily~~ *after-tax weekly* wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. ~~At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is 16 2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.~~

Sec. 27. Minnesota Statutes 1988, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66 2/3~~ *80* percent of the ~~daily~~ *after-tax weekly* wage at the time of the injury of the deceased until the last dependent child is no longer dependent.

~~At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.~~

Sec. 28. Minnesota Statutes 1988, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ *80* percent of the *after-tax* weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66 2/3~~ *80* percent of the ~~wages~~ *after-tax weekly wage*.

Sec. 29. Minnesota Statutes 1988, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly ~~45~~ *80* percent of the *after-tax* weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ *80* percent of the *after-tax* weekly wage thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ *80* percent of the *after-tax* weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1988, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ *40* percent of the *after-tax* weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ *45* percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1988, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66 2/3~~ *80* percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1988, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this

section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1988, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for ~~all~~ compensation paid in excess of 52 weeks of monetary benefits and ~~$2,000~~ *$3,500* in medical expenses, subject to the exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) Reimbursement for compensation paid shall be at the rate of 75 percent.

Sec. 34. Minnesota Statutes 1988, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense

that is attributable to the aggravated injury*; except that, reimbursement for compensation paid shall be at the rate of 75 percent*. The employer, at the time of the personal injury for which the employee has been approved for on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1988, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be ~~fully~~ reimbursed from the special compensation fund for the compensation, except that*:*

(1) this ~~full~~ reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (t) or (u), unless the commissioner by rule provides otherwise*; and*

(2) reimbursement for compensation paid shall be at the rate of 75 percent.

Sec. 36. Minnesota Statutes 1988, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

(a) Epilepsy,

(b) Diabetes,

(c) Hemophilia,

(d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,

(e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,

(f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,

(g) Residual disability from poliomyelitis,

(h) Cerebral Palsy,

(i) Multiple Sclerosis,

(j) Parkinson's disease,

(k) Cerebral vascular accident,

(l) Chronic Osteomyelitis,

(m) Muscular Dystrophy,

(n) Thrombophlebitis,

(o) Brain tumors,

(p) Pott's disease,

(q) Seizures,

(r) Cancer of the bone,

(s) Leukemia,

(t) Any other physical impairment resulting in a disability rating of at least ~~ten~~ *25* percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

"Compensation" has the meaning defined in section 176.011;

"Employer" includes insurer;

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

Sec. 37. Minnesota Statutes 1988, section 176.131, is amended by adding a subdivision to read:

Subd. 13. [APPLICABLE LAW.] *The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.*

Sec. 38. Minnesota Statutes 1988, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) ~~An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.~~

~~(b)~~ An employee who has suffered personal injury after October 1, 1983, *and before August 1, 1989,* is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after August 1, 1989, that caused a permanent total disability, as defined in section 176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.

Sec. 39. Minnesota Statutes 1988, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) ~~The supplementary benefit payable under this~~

~~section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually.~~ *The supplementary benefit payable under this section is:*

(1) the sum of the amount the employee receives under section 176.101, subdivision 4, plus the amount of any disability benefits being paid by any government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivors insurance benefits, subtracted from

(2) 50 percent of the statewide average weekly wage, as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or ~~65~~ *50* percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

~~(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.~~

~~(e)~~ *(d)* In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

Sec. 40. Minnesota Statutes 1988, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer ~~currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law~~. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 41. Minnesota Statutes 1988, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] *(a)* The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner ~~shall~~ *must* limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.

(b) The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1988, and based upon 1987 medical cost data, must remain in effect until September 30, 1990; and the medical fee rules for providers other than hospitals, which are promulgated on October 1, 1990, must be based on the 1988 medical cost data and must remain in effect until September 30, 1991.

(c) The procedures established by the commissioner for determining whether or not the charge for a health service is excessive ~~shall~~ *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 42. Minnesota Statutes 1988, section 176.136, is amended by adding a subdivision to read:

Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] *The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.*

Sec. 43. Minnesota Statutes 1988, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence

no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~30~~ *60* days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~30~~ *60* days of notice or knowledge. After the ~~30-day~~ *60-day* period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 44. Minnesota Statutes 1988, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ *four* percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ *four* percent.

Sec. 45. Minnesota Statutes 1988, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ *is* deferred until the first anniversary of the date of the

injury. *For injuries occurring on or after August 1, 1989, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 46. Minnesota Statutes 1988, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66 2/3~~ *80* percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

For purposes of sections 176.011, subdivision 18; 176.101, subdivisions 1, 2, 3, and 4; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; and 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

For the biennium beginning July 1, 1991, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.

Sec. 50. [EXISTING DISABILITY RATINGS.]

Existing disability ratings adopted under Minnesota Statutes, section 176.105, subdivision 1, may not be changed before June 30, 1992.

Sec. 51. [AFTER-TAX CALCULATION.]

Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1989, a table or formula for determining the after-tax weekly wage effective August 1, 1989, until October 1, 1989, as otherwise required under that section.

Sec. 52. [APPROPRIATION.]

$124,800 is appropriated from the workers' compensation special compensation fund to the commissioner of labor and industry to administer the workers' compensation system in accordance with this article and is available until June 30, 1989. The approved complement of the department of labor and industry is increased by ten positions.

Sec. 53. [REPEALER.]

Minnesota Statutes 1988, sections 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6, are repealed.

Sec. 54. [EFFECTIVE DATE.]

Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1993. Notwithstanding Minnesota Statutes, section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41, 44 to 46, 49, and 53 are effective August 1, 1989. Section 42 is effective January 1, 1990.

ARTICLE 4

WORKER'S COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1988, section 79.095, is amended to read:

79.095 [APPOINTMENT OF ACTUARY.]

The commissioner ~~shall~~ *may* employ the services of ~~a~~ casualty ~~actuary~~ *actuaries* experienced in ~~worker's~~ *workers'* compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ *an* actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1988, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 3. Minnesota Statutes 1988, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] *(a) Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected thereunder must be refunded. This subdivision does not apply to any changes resulting from assessments for the assigned risk*

plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4; 176.111; 176.132; and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.

(b) Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.

(c) Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.

Sec. 4. [79.561] [PARTICIPATION.]

An employer, or person representing a group of employers, which will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 3, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.

Sec. 5. Minnesota Statutes 1988, section 79.58, subdivision 2, is amended to read:

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing *conducted pursuant to chapter 14*, the commissioner finds that it is *excessive, inadequate, or* unfairly discriminatory. *The rating plan is effective until disapproved. It is the responsibility of the data service organization to show that the rating plan is not excessive, inadequate, or unfairly discriminatory.* Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data, except that other data may be utilized as a supplement to Minnesota data when the commissioner determines that an exceptional case requires such data to establish the statistical credibility of an occupational classification.

Sec. 6. Minnesota Statutes 1988, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign

each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis~~.~~*;*

(i) Separate the incurred but not reported losses of its members;

(j) Separate paid and outstanding losses of its members;

(k) Provide information indicating cases in which its members have established a reserve in excess of $50,000;

(l) Provide information on the income on invested reserves of its members;

(m) Provide information as to policies written at other than the filed rates;

(n) File information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses;

(o) File information based solely on Minnesota data concerning its

members' reserving practices, premium income, indemnity, and medical benefits paid; and

(p) Provide any records of the data service organizations that are requested by the commissioner or otherwise required by statute.

Sec. 7. [79.65] [CHAPTER APPLICABILITY TO DATA SERVICE ORGANIZATIONS.]

Subdivision 1. [EXAMINATION BY COMMISSIONER.] *Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the department of commerce or labor and industry or other parties retained by the commissioner. Examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.*

Subd. 2. [COSTS AND EXPENSES.] *The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.*

Sec. 8. [79.651] [INVESTIGATIONS AND SUBPOENAS.]

Subdivision 1. [GENERAL POWERS.] *In connection with the administration of chapter 79, the commissioner of commerce may:*

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate chapter 79 or any rule or order under chapter 79, or to aid in the enforcement of chapter 79, or in the prescribing of rules or forms under chapter 79;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of chapter 79;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in chapter 79 to the legislature;

(5) examine the books, accounts, records, and files of every licensee under chapter 79 and of every person who is engaged in any activity regulated under chapter 79; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner; and

(7) require any person subject to chapter 79 to report all sales or transactions that are regulated under chapter 79. The reports must be made within ten days after the commissioner has ordered the report. The report

is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] *For the purpose of any investigation, hearing, or proceeding under chapter 79, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.*

Subd. 3. [COURT ORDERS.] *In case of a refusal to appear or a refusal to obey a subpoena issued to any person, the district court, upon application by the commissioner, may issue to any person an order directing that person to appear before the commissioner, or the officer designated by the commissioner, there to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.*

Subd. 4. [SCOPE OF PRIVILEGE.] *No person is excused from attending and testifying or from producing any document or record before the commissioner, or from obedience to the subpoena of the commissioner or any officer designated by the commissioner or in a proceeding instituted by the commissioner, on the ground that the testimony or evidence required may tend to incriminate that person or subject that person to a penalty of forfeiture. No person may be prosecuted or subjected to a penalty or forfeiture for or on account of a transaction, matter, or thing concerning which the person is compelled, after claiming the privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that the individual is not exempt from prosecution and punishment for perjury or contempt committed in testifying.*

Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] *Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of chapter 79, or any rule or order adopted under chapter 79, the commissioner has the following powers: (1) the commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with chapter 79, or any rule or order adopted or issued under chapter 79, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted; (2) the commissioner may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of chapter 79, or any rule or order adopted or issued under chapter 79. The order must be calculated to give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner, after which and within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14.*

If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this subdivision.

Subd. 6. [VIOLATIONS AND PENALTIES.] *The commissioner may impose a civil penalty not to exceed $2,000 per violation upon a person who violates chapter 79, unless a different penalty is specified.*

Subd. 7. [ACTIONS AGAINST LICENSEES.] *In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to chapter 79, or censure that person if the commissioner finds that:*

(1) the order is in the public interest; or

(2) the person has violated chapter 79.

Subd. 8. [STOP ORDER.] *In addition to any other actions authorized by this section, the commissioner may issue a stop order denying effectiveness to or suspending or revoking any registration subject to chapter 79.*

Subd. 9. [POWERS ADDITIONAL.] *The powers contained in subdivisions 1 to 8 are in addition to all other powers of the commissioner.*

Sec. 9. [79.652] [ACCESS TO INSURER.]

The commissioner, or the designated person, shall have free access during normal business hours to all books, records, securities, documents, and any or all papers relating to the property, assets, business, and affairs of any company, applicant, association, or person which may be examined pursuant to this act for the purpose of ascertaining, appraising, and evaluating the assets, conditions, affairs, operations, ability to fulfill obligations, and compliance with all the provisions of law of the company or person insofar as any of the above pertain to the business of insurance of a person, organization, or corporation transacting, having transacted, or being organized to transact business in this state. Every company or person being examined, its officers, directors, and agents, shall provide to the commissioner or the designated person convenient and free access at all reasonable hours at its office to all its books, records, securities, documents, any or all papers relating to the property, assets, business, and affairs of the company or person. The officers, directors, and agents of the company or person shall facilitate the examination and aid in the examination so far as it is in their power to do so.

Sec. 10. Minnesota Statutes 1988, section 176A.03, is amended by adding a subdivision to read:

Subd. 3. [COVERAGE OUTSIDE STATE.] *Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.*

Sec. 11. [MANDATED REDUCTIONS.]

(a) As a result of the workers' compensation law changes in article 3

and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1989, must be reduced by 16 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 16 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 16 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1989, to all employers having an outstanding policy with the insurer as of August 1, 1989, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1989 legislature, you are entitled to a credit or refund to your current premium in an amount of $ . . . . . which reflects a 16 percent mandated premium reduction prorated to the expiration of your policy."

(b) No rate increases may be filed between April 10, 1989, and January 1, 1990.

Sec. 12. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]

Notwithstanding section 3, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1990 rate-making report is approved by the commissioner of commerce and six months thereafter.

Sec. 13. [RECORDS DEPOSITED WITH THE COMMISSIONER.]

All records of data services organizations authorized by Minnesota Statutes, section 79.61, or its predecessors, pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications must be deposited with the commissioner no later than August 1, 1989.

Sec. 14. [CONTINGENT APPROPRIATION.]

(a) $250,000 is appropriated from the special compensation fund to a workers' compensation contingent account for the purposes of this article. The appropriation in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

(b) $100,000 from the general contingent account for workers' compensation appropriated under Laws 1987, chapter 404, section 44, is available for the purposes of article 3.

Sec. 15. [REPEALER.]

Minnesota Statutes 1988, sections 79.54, 79.57, and 79.58, subdivision 1, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 11, paragraph (b), is effective the day following final enactment.

ARTICLE 5

WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED.

Section 1. Minnesota Statutes 1988, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

(1) the order does not conform with this chapter; or

(2) the compensation judge committed an error of law; or

(3) the findings of fact and order were *clearly erroneous and* unsupported by substantial evidence in view of the entire record as submitted; or

(4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1988, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. *On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact.* In these cases, on those issues raised by the appeal, the workers' compensation court of appeals may:

(1) grant an oral argument based on the record before the compensation judge;

(2) examine the record;

(3) ~~substitute for the findings of fact made by the compensation judge findings based on the total evidence;~~

~~(4)~~ sustain, reverse, make, or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and,

~~(5)~~ *(4)* remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1988, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1988, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in ~~sections~~ *section* 14.44 ~~and 14.45, and~~; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; *and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.*

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.

Sec. 6. [INCREASED JUDGES.]

The number of judges on the court of appeals as of April 1, 1990, shall be increased by three. The three additional judges are subject to senate confirmation.

Sec. 7. [INSTRUCTION TO REVISOR.]

In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."

Sec. 8. [REAPPROPRIATION.]

$190,000 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1990 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.

Sec. 9. [REPEALER.]

Minnesota Statutes 1988, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; and 175A.10, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Sections 3 to 9 are effective April 1, 1990.

ARTICLE 6

REPORTS TO THE LEGISLATURE

Section 1. [REPORT TO THE LEGISLATURE ON MEDICAL ISSUES.]

The commissioner of labor and industry shall present a report to the legislature concerning medical issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce the cost of workers' compensation related medical services, including methods of controlling the cost of ongoing therapy treatments. The report must be presented by January 1, 1991.

The state fund mutual insurance company shall be consulted, as part of the medical services study, in order to assist the department in developing a proposal to collect and analyze all medical bills. The ultimate goal of this consultation will be the development of a flagging and monitoring system to identify cases which significantly deviate from normal utilization patterns, costs, and outcomes. The department shall make a preliminary report on the progress of the proposal to the legislature on January 1,

1990. The department shall make a final recommendation on implementation of the proposal at the time it makes its report to the legislature concerning medical issues in the workers' compensation system on January 1, 1991.

Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]

The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1990, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.

Sec. 3. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]

To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1990.

Sec. 4. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]

The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 4, section 11, have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1990.

Sec. 5. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]

The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176.

The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.

Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.

The revisor shall report to the legislature by January 1, 1990, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1991.

Sec. 6. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]

The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of

the hearings in less than two hours, 75 percent in less than four hours, and nearly all of the cases in less than one day. Before January 1, 1990, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.

Sec. 7. [REPORT TO THE LEGISLATURE ON STATE REGULATION OF WORKERS' COMPENSATION INSURANCE.]

Legislative staff shall prepare and present a report to the legislature surveying the different processes for regulation of workers' compensation insurance rating plans under other states' workers' compensation insurance laws. The report must be presented to the legislature by January 1, 1990.

Sec. 8. [APPROPRIATION.]

$100,000 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2, 3, and 4.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to labor and industry; regulating boiler operation and inspections; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1988, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 4; 176.061, subdivision 10; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21; 176.131, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.155, subdivision 1; 176.221, subdivision 1; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; 183.42; 183.45; and 480A.06, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1988, sections 79.54; 79.57; 79.58, subdivision 1; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6."

Mr. Frank questioned whether the amendment was germane.

The Chair ruled that the amendment was not germane.

Mr. Knaak appealed the decision of the Chair.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 36 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Lantry	Novak	Spear
Berglin	Diessner	Luther	Pehler	Stumpf
Bertram	Frank	Marty	Peterson, D.C.	Vickerman
Brandl	Frederickson, D.J.	Merriam	Piper	Waldorf
Chmielewski	Freeman	Metzen	Purfeerst	
Dahl	Hughes	Moe, D.M.	Reichgott	
Davis	Kroening	Moe, R.D.	Schmitz	
DeCramer	Langseth	Morse	Solon	

Those who voted in the negative were:

Belanger	Cohen	Johnson, D.E.	McGowan	Ramstad
Benson	Decker	Knaak	McQuaid	Renneke
Berg	Frederick	Knutson	Mehrkens	Storm
Bernhagen	Frederickson, D.R.	Laidig	Olson	Taylor
Brataas	Gustafson	Larson	Pariseau	

The decision of the Chair was sustained.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 1734 at 1:00 p.m.:

Messrs. Brandl, Novak, Pogemiller, Stumpf and Johnson, D.J. The motion prevailed.

GENERAL ORDERS - CONTINUED

S.F. No. 84, which the committee recommends to pass, with the following amendment offered by Mr. Frederickson, D.R.:

Page 4, line 31, delete "*14*" and insert "*20*"

The motion prevailed. So the amendment was adopted.

H.F. No. 837, which the committee recommends to pass, after the following motion:

Mr. Knaak moved to amend H.F. No. 837, the unofficial engrossment, as follows:

Page 4, line 24, after the fourth semicolon, insert "*617.241; 617.246;*" and delete "*or*" and before the period, insert "*; or a gross misdemeanor violation of section 617.246 or 617.293*"

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 29, as follows:

Those who voted in the affirmative were:

Belanger	Decker	Knaak	Mehrkens	Ramstad
Benson	Frederick	Larson	Metzen	Renneke
Bertram	Frederickson, D.R.	McGowan	Olson	Storm
Brataas	Johnson, D.E.	McQuaid	Pariseau	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	Morse	Reichgott
Beckman	Dicklich	Langseth	Pehler	Samuelson
Berglin	Diessner	Lantry	Peterson, D.C.	Schmitz
Chmielewski	Frank	Luther	Peterson, R.W.	Solon
Cohen	Freeman	Marty	Piper	Spear
Dahl	Hughes	Merriam	Purfeerst	

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

H.F. No. 461, which the committee recommends to pass, subject to the the following motion:

Ms. Peterson, D.C. moved that the amendment made to H.F. No. 461 by the Committee on Rules and Administration in the report adopted March 22, 1989, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

S.F. No. 784, which the committee recommends to pass with the following amendment offered by Mr. Belanger:

Page 4, line 19, after "*vehicle*" insert "*exceeding $200, including loss of use and any costs and expenses incident to the damage, loss, or loss of use,*"

Page 4, line 24, after "*driver's*" insert "*illegal*"

Page 4, line 25, delete "*legally*"

The motion prevailed. So the amendment was adopted.

H.F. No. 761, which the committee recommends to pass with the following amendments offered by Messrs. Luther, Frank and Schmitz:

Mr. Luther moved to amend H.F. No. 761, as amended pursuant to Rule 49, adopted by the Senate April 20, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 694.)

Page 1, line 22, after "*65*" insert "*or older*" and delete "*a discount*" and insert "*an interest*"

The motion prevailed. So the amendment was adopted.

Mr. Frank moved to amend H.F. No. 761, as amended pursuant to Rule 49, adopted by the Senate April 20, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 694.)

Page 1, delete lines 14 to 19 and insert:

"*(1) to the extent the plan or contract is described in section 401(a), 403, 408, or 457 of the Internal Revenue Code of 1986, as amended, or payments under the plan or contract are or will be rolled over as provided in section 402(a)(5), 403(b)(8), or 408(d)(3) of the Internal Revenue Code of 1986, as amended; or*"

The motion prevailed. So the amendment was adopted.

Mr. Schmitz moved to amend H.F. No. 761, as amended pursuant to Rule 49, adopted by the Senate April 20, 1989, as follows:

(The text of the amended House File is identical to S.F. No. 694.)

Page 1, delete line 25

Page 2, delete line 1 and insert "*and applies retroactively to April 12, 1988.*"

The motion prevailed. So the amendment was adopted.

H.F. No. 1355, which the committee recommends to pass, subject to the following motions:

Mr. Luther moved that the amendment made to H.F. No. 1355 by the Committee on Rules and Administration in the report adopted April 24, 1989, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Luther then moved to amend H.F. No. 1355 as follows:

Page 3, line 1, before the semicolon, insert ", *unless the property is selected under section 525.151*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1435, which the committee recommends to pass, after the following motions:

Mr. Freeman moved to amend S.F. No. 1435 as follows:

Page 1, line 13, after the first comma, insert "*wholesaler,*"

Page 2, line 2, after the first comma, insert "*wholesaler's,*"

Page 2, delete lines 4 to 7 and insert:

"*(c) "Sales representative" means a person, other than an employee, who contracts with a principal to solicit wholesale orders and who is compensated, in whole or in part, by commission, but does not include a person who places orders or purchases exclusively for the person's own account for resale.*"

Page 2, line 10, delete "*two or more*" and insert "*a sales representative and another person or*"

Page 2, line 11, delete "*person*" and insert "*sales representative*"

Page 2, line 12, after the third comma, insert "*wholesaler's,*"

Page 2, line 19, delete "*No person may*" and insert "*A manufacturer, wholesaler, assembler, or importer may not*"

The motion prevailed. So the amendment was adopted.

Mr. Freeman moved to amend S.F. No. 1435 as follows:

Page 3, line 9, delete the colon

Page 3, line 10, delete the paragraph coding and delete "*(1)*"

Page 3, line 12, delete "*; and*" and insert a period

Page 3, delete lines 13 to 17

The motion prevailed. So the amendment was adopted.

The question was taken on the recommendation to pass S.F. No. 1435.

The roll was called, and there were yeas 31 and nays 16, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kroening	Peterson, D.C.	Spear
Beckman	Diessner	Langseth	Peterson, R.W.	Stumpf
Berglin	Frank	Lantry	Piper	Vickerman
Bertram	Frederickson, D.J.	Marty	Purfeerst	
Brandl	Freeman	Merriam	Ramstad	
Cohen	Hughes	Moe, R.D.	Reichgott	
Davis	Johnson, D.J.	Novak	Schmitz	

Those who voted in the negative were:

Anderson	Decker	Johnson, D.E.	Laidig	McQuaid
Benson	Frederick	Knaak	Larson	Olson
Berg	Frederickson, D.R.	Knutson	McGowan	Pariseau
Bernhagen				

The motion prevailed. So S.F. No. 1435 was recommended to pass.

S.F. No. 150, which the committee reports progress, subject to the following motions:

Mrs. Lantry moved to amend S.F. No. 150 as follows:

Page 14, line 32, delete "*$150*" and insert "*$200*"

Page 14, line 33, delete "*$75*" and insert "*$125*"

Page 14, line 34, delete "*$75*" and insert "*$100*"

Page 14, line 35, delete "*$50*" and insert "*$75*"

Page 21, line 2, delete "*$1,250*" and insert "*$2,500*"

Page 35, line 9, delete "*$25*" and insert "*$75*"

Page 36, after line 36, insert:

"*Subd. 3.* [COMMISSIONER OF REVENUE.] *$388,000 is appropriated from the general fund to the commissioner of revenue to provide for computer modifications necessary to administer Minnesota Statutes, chapter 349. $194,000 is for the fiscal year ending June 30, 1990, and $194,000 is for the fiscal year ending June 30, 1991.*"

The motion prevailed. So the amendment was adopted.

Mrs. Lantry then moved to amend S.F. No. 150 as follows:

Page 12, line 24, delete "*and*"

Page 12, line 27, before the period, insert "*; and*

(10) delegate to the director the authority to issue licenses under criteria established by the board"

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend S.F. No. 150 as follows:

Page 49, delete lines 33 and 34 and insert:

"*Subd. 2.* [CONTENT OF ADVERTISING.] *(a) Advertising and promotional materials for the lottery adopted or published by the director may only:*

(1) present factual information on how lottery games are played, prizes offered, where and how tickets may be purchased, and odds on the games advertised;

(2) identify state programs supported by lottery net revenues;

(3) present the lottery as a form of entertainment or recreation; or

(4) state the winning numbers or identity of winners of lottery prizes.

(b) The director may not adopt or publish any advertising for the lottery which:

(1) presents directly or indirectly any lottery game as a potential means of relieving any person's financial or economic difficulties; or

(2) is specifically targeted with the intent to exploit specific groups or economic classes of people."

Mr. Morse moved to amend the Lessard amendment to S.F. No. 150 as follows:

Page 1, delete lines 9 and 10

Renumber the clauses in sequence

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Lessard amendment, as amended.

The roll was called, and there were yeas 23 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson, D.R.	Lessard	Pehler	Solon
Bertram	Johnson, D.J.	McGowan	Pogemiller	Stumpf
Cohen	Knaak	Metzen	Purfeerst	Vickerman
Dicklich	Langseth	Moe, R.D.	Samuelson	
Frank	Lantry	Morse	Schmitz	

Those who voted in the negative were:

Anderson	Decker	Kroening	Moe, D.M.	Spear
Beckman	DeCramer	Laidig	Olson	Storm
Benson	Frederick	Larson	Peterson, D.C.	Taylor
Berg	Frederickson, D.J.	Luther	Peterson, R.W.	Waldorf
Berglin	Freeman	Marty	Piper	
Bernhagen	Gustafson	McQuaid	Ramstad	
Brandl	Johnson, D.E.	Mehrkens	Reichgott	
Davis	Knutson	Merriam	Renneke	

The motion did not prevail. So the Lessard amendment, as amended, was not adopted.

Mr. Freeman moved to amend S.F. No. 150 as follows:

Page 40, line 1, before the first "*The*" insert "*(a)*"

Page 40, after line 10, insert:

"*(b) The board may not approve a procedure for a game that would permit a person to determine instantly whether a prize had been won.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Laidig	Olson	Spear
Beckman	Frederickson, D.J.	Larson	Peterson, D.C.	Storm
Benson	Freeman	Luther	Peterson, R.W.	Taylor
Berg	Gustafson	Marty	Piper	Waldorf
Berglin	Johnson, D.E.	McGowan	Ramstad	
Bernhagen	Knutson	McQuaid	Reichgott	
Brandl	Kroening	Moe, D.M.	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Novak	Solon
Bertram	Frank	Lessard	Pariseau	Stumpf
Chmielewski	Frederick	Mehrkens	Pehler	Vickerman
Cohen	Frederickson, D.R.	Merriam	Pogemiller	
Davis	Johnson, D.J.	Metzen	Purfeerst	
DeCramer	Knaak	Moe, R.D.	Samuelson	
Dicklich	Langseth	Morse	Schmitz	

The motion prevailed. So the amendment was adopted.

Mr. Larson moved to amend S.F. No. 150 as follows:

Page 48, lines 23 and 36, delete "7" and insert "8"

Page 48, after line 35, insert:

"*Subd. 7.* [AMOUNT OF PRIZE LIMITED.] *The amount of a prize may not exceed $1,000,000.*"

Page 49, line 10, delete "8" and insert "9"

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Anderson	Davis	Knutson	Novak	Renneke
Benson	Decker	Laidig	Olson	Spear
Berg	DeCramer	Larson	Pariseau	Storm
Berglin	Frederick	Luther	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.R.	Marty	Peterson, R.W.	
Brandl	Gustafson	McQuaid	Ramstad	
Cohen	Johnson, D.E.	Merriam	Reichgott	

Those who voted in the negative were:

Adkins	Frank	Lantry	Moe, R.D.	Samuelson
Beckman	Frederickson, D.J.	Lessard	Morse	Schmitz
Bertram	Johnson, D.J.	McGowan	Pehler	Solon
Chmielewski	Knaak	Mehrkens	Piper	Stumpf
Dicklich	Kroening	Metzen	Pogemiller	Vickerman
Diessner	Langseth	Moe, D.M.	Purfeerst	Waldorf

The motion prevailed. So the amendment was adopted.

S.F. No. 150 was then progressed.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 184 and 1374.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1989

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 206, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 206: A bill for an act relating to state government; administrative procedures; regulating exempt rules; making certain technical changes; amending Minnesota Statutes 1988, sections 14.40; and 97A.051, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 3; repealing Minnesota Statutes 1988, sections 97A.051, subdivision 3; 144A.10, subdivision 6a; 174.031, subdivision 2; 254B.03, subdivision 6; 254B.04, subdivision 2; 257.357; and 574.262, subdivision 3; Laws 1985, chapter 4, section 8; and Laws 1987, chapter 337, section 128.

Senate File No. 206 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1989

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 654:

H.F. No. 654: A bill for an act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, parental involvement programs, libraries, state education agencies and education agency services, providing for limits on open enrollment and post-secondary options; appropriating money; amending Minnesota Statutes 1988, sections 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 6, and by adding a subdivision; 120.17, subdivisions 3, 3b, and by adding a subdivision; 121.88, subdivisions 2 and 5; 121.882, subdivisions 2 and 4; 121.904, subdivision 4a; 121.908, subdivision 5; 121.912, subdivision 1; 121.935, subdivision 6; 122.23, by adding a subdivision; 122.43, subdivision 1; 122.532, subdivision 4; 122.541, subdivision 5; 122.91; 122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.3514, subdivisions 2, 4, 4c, 5, 7, and 10; 123.39, by adding a subdivision; 123.58, subdivision 9, and by adding a subdivision; 123.702, subdivisions 1, 1a, 2, 3, 4, and by adding subdivisions; 123.703, by adding subdivisions; 123.705, subdivision 1, and by adding a subdivision; 124.17, subdivision 1b; 124.19, subdivision 5; 124.195, subdivision 8; 124.2131, subdivision 1; 124.223; 124.225; 124.243, subdivision 3, and by adding a subdivision; 124.244, subdivision 2; 124.245, subdivision 3b; 124.26, subdivisions 1c, 7, and by adding a subdivision; 124.261; 124.271, by adding subdivisions; 124.2711, subdivisions 1, 3, 4, and by adding a subdivision; 124.2721;

124.273, subdivisions 1b, 4, 5, 7, and by adding a subdivision; 124.32, subdivisions 1b, 1d, and by adding a subdivision; 124.38, subdivision 7; 124.43, subdivision 1, and by adding a subdivision; 124.494, subdivision 2; 124.573, subdivision 2b, and by adding subdivisions; 124.574, subdivisions 1, 4, and 5; 124.575, subdivision 3; 124.82, subdivision 3; 124.83, subdivisions 3, 4, and 6; 124A.02, by adding a subdivision; 124A.03, subdivision 2; 124A.035, subdivisions 2 and 4; 124A.036, by adding a subdivision; 124A.22, subdivisions 2, 4, and 9; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.31; 126.151, subdivision 2; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.67, subdivision 8; 128A.09; 129.121, by adding a subdivision; 129C.10; 134.33, subdivision 1; 134.34, subdivisions 1, 2, 3, and 4; 134.35, subdivision 5; 136D.27, subdivision 1; 136D.74, subdivision 2; 136D.87, subdivision 1; 141.35; 273.1102, subdivision 3; 275.011, subdivision 1; 275.125, subdivisions 5, 5b, 5c, 5e, 6e, 6h, 6i, 8, 8b, 8c, 8e, 9, 9a, 9b, 9c, 11d, 14a, and by adding a subdivision; 354.094, subdivisions 1 and 2; 354.66, subdivision 4; 354A.091, subdivisions 1 and 2; 354A.094, subdivision 4; and 363.06, subdivision 3; Laws 1965, chapter 705, as amended; Laws 1976, chapter 20, section 4; Laws 1988, chapter 718, article 7, section 61, subdivisions 1, 2, and 3; chapter 719, article 5, section 84; proposing coding for new law in Minnesota Statutes, chapters 122; 124; 124A; 126; 127; 275; and 363; repealing Minnesota Statutes 1988, sections 120.062, subdivision 8; 123.702, subdivisions 1a, 5, 6, and 7; 124.217; 124.243, subdivision 4; 124.271, subdivision 26; 129B.11; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; and 275.125, subdivision 6f; Laws 1988, chapter 718, article 5, section 4.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Nelson, K.; McEachern; Vellenga; Bauerly and Ozment have been appointed as such committee on the part of the House.

House File No. 654 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Peterson, R.W. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 654, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1423:

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 public benefits 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; requiring a facility fee payment to enrolled hospitals for certain emergency room or clinic visits; amending Minnesota Statutes 1988, section 80D.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 144; and 256B.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Ogren, Onnen and Ostrom have been appointed as such committee on the part of the House.

House File No. 1423 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mrs. Lantry moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1423, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1267:

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.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Quinn, Jacobs and Weaver have been appointed as such committee on the part of the House.

House File No. 1267 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Frank moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1267, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1530:

H.F. No. 1530: A bill for an act relating to commerce; regulating business

relations between manufacturers of heavy and utility equipment and independent retail dealers of those products; proposing coding for new law in Minnesota Statutes, chapter 325E.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Lieder, Sparby and Bennett have been appointed as such committee on the part of the House.

House File No. 1530 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Schmitz moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1530, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 472:

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

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kalis, Morrison and Lasley have been appointed as such committee on the part of the House.

House File No. 472 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Purfeerst moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 472, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 831:

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.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kinkel; Johnson, R. and Gruenes have been appointed as such committee on the part of the House.

House File No. 831 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Vickerman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 831, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1506:

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.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Sparby, Sarna and Bennett have been appointed as such committee on the part of the House.

House File No. 1506 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Solon moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1506, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1435:

H.F. No. 1435: A bill for an act relating to liquor; authorizing issuance

of a certain on-sale license in Todd county.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Krueger, Jacobs and Anderson, R. have been appointed as such committee on the part of the House.

House File No. 1435 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Anderson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1435, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 729:

H.F. No. 729: A bill for an act relating to marriage dissolution; requiring courts to consider the existence of domestic abuse in determining whether to award joint custody; providing for the appointment of visitation expeditors to resolve ongoing visitation disputes; providing for visitation by persons who have resided with a child; providing that either parent may request visitation rights on behalf of the child; requiring the court to restrict or modify visitation under certain circumstances; permitting agreements about modification of maintenance; amending Minnesota Statutes 1988, sections 257.022, by adding a subdivision; 518.17, subdivision 2; 518.175, subdivisions 1 and 5; 518.552, by adding a subdivision; and 518.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Pappas, Kelly, Dempsey, Wagenius and Hasskamp have been appointed as such committee on the part of the House.

House File No. 729 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Spear moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 729, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 700:

H.F. No. 700: A bill for an act relating to crimes; increasing penalties for certain crimes when committed because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability, age, political affiliation, membership or lack of membership in a labor union, or national origin; increasing penalties for using the mail or making telephone calls and falsely impersonating another for the purpose of harassing, abusing, or threatening another person; amending Minnesota Statutes 1988, sections 609.2231, by adding a subdivision; 609.595, subdivisions 2, 3, and by adding a subdivision; 609.605, by adding a subdivision; 609.746, by adding a subdivision; 609.79, by adding a subdivision; and 609.795.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Greenfield, Jefferson and Bishop have been appointed as such committee on the part of the House.

House File No. 700 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Ms. Berglin moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 700, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1454:

H.F. No. 1454: A bill for an act relating to Itasca county; authorizing a petition to annex unorganized territory to the town of Spang to be signed by residents of the town.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Neuenschwander, Solberg and Johnson, V. have been appointed as such committee on the part of the House.

House File No. 1454 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

Mr. Moe, R.D. moved that H.F. No. 1454 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 579, 892, 907, 341, 1046, 1461 and 1548.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1989

FIRST READING OF HOUSE BILLS

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

H.F. No. 579: A bill for an act relating to certain commercial transactions; adopting an article of the uniform commercial code that governs leases; providing the conditions for the determination of the existence of certain vehicle leases; amending Minnesota Statutes 1988, sections 168A.17, by adding a subdivision; 336.1-105; 336.1-201; and 336.9-113; proposing coding for new law in Minnesota Statutes, chapter 336.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 132, now on General Orders.

H.F. No. 892: A bill for an act relating to public safety; changing the definition of "dwelling"; authorizing more stringent local smoke detector requirements; creating the position of public fire safety educator; appropriating money; amending Minnesota Statutes 1988, section 299F.362, subdivisions 1 and 9.

Referred to the Committee on Finance.

H.F. No. 907: A bill for an act relating to public safety; providing for authority to regulate pipelines; imposing penalties; amending Minnesota Statutes 1988, sections 116I.01, subdivision 3; 116I.05; 216D.01, subdivisions 9, 10, and by adding a subdivision; 299F.56, subdivisions 5 and 6a; 299F.57; 299F.59, subdivision 1; 299F.60; 299F.61; 299F.62; 299F.63; 299F.631; 299F.641; 299J.01; 299J.03, subdivision 2; 299J.04; 299J.05; 299J.06, subdivision 2; 299J.08; 299J.10; 299J.11; 299J.12; and 299J.16; proposing coding for new law in Minnesota Statutes, chapter 216D; repealing Minnesota Statutes 1988, section 299J.09.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 879, now on General Orders.

H.F. No. 341: A bill for an act relating to public safety; proposing the emergency planning and community right-to-know act; requiring reports on hazardous substances and chemicals; creating an emergency response commission; providing penalties; amending Minnesota Statutes 1988, section 609.671, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 299F.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1099.

H.F. No. 1046: A bill for an act relating to motor vehicles; setting fee for inspection of certain motor vehicles for which salvage certificate of title has been issued; amending Minnesota Statutes 1988, section 168A.152.

Referred to the Committee on Finance.

H.F. No. 1461: A bill for an act relating to drivers' licenses; appropriating money to the commissioner of public safety to improve driver license security and legibility.

Referred to the Committee on Finance.

H.F. No. 1548: A bill for an act relating to financial institutions; regulating charges and fees on loans and extensions of credit by financial institutions and others; making various internal reference changes; amending Minnesota Statutes 1988, sections 51A.01; 51A.02, subdivision 14; 51A.38, subdivision 3; 51A.385, subdivisions 4, 5, 6, 7, 8, 9, 11, 12, and 13; 51A.51, subdivision 4; 51A.53; 51A.55, subdivisions 1 and 2; 51A.56; 51A.57; 56.131, subdivision 1; 168.72, subdivision 1; 168.73; and 507.45, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1355, now on General Orders.

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. 522: A bill for an act relating to housing; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing a rent escrow system; providing mandatory building repair fines; authorizing a housing calendar consolidation pilot project in Hennepin and Ramsey counties; reducing property taxes on certain types of residential rental property; authorizing a tax levy for public housing; establishing a fair housing education and public information program; requiring housing impact statements; revising certain housing receivership provisions; providing a limited right of entry to secure vacant or unoccupied buildings; providing for city housing rehabilitation loan programs; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 462A.03, by adding a subdivision; 462A.05, subdivision 27, and by adding subdivisions; 462A.08, by adding a subdivision; 462A.21, subdivisions 4k, 12, and by adding subdivisions; 463.21; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 582.03; Laws 1971, chapter 333, as amended; Laws 1974, chapters 285, sections 2, 3, 4, and by adding a section; and 475; proposing coding for new law in Minnesota Statutes, chapters 129A; 268; 363; 462A; 471; 504; 566; and 582.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

AFFORDABLE HOUSING PROGRAMS

Section 1. Minnesota Statutes 1988, section 4.071, is amended to read:

4.071 [OIL OVERCHARGE MONEY.]

Except for money appropriated under section 22, money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations may not be spent until the legislative commission on Minnesota resources has reviewed the proposed projects and the money is specifically appropriated by law. A work plan must be prepared for each proposed project for review by the commission. The commission must recommend specific projects to the legislature.

Sec. 2. [129A.11] [ACCESSIBLE HOUSING INFORMATION.]

The commissioner of jobs and training may make accessible housing information grants to eligible organizations to develop, maintain, and publicize a list of accessible housing units within their area of operation, based on recommendations of the disability council. In making grant recommendations to the commissioner, the disability council must consider the area of operation of the recommended grant recipients to ensure that every county in the state is within the area of operation of one of the organizations. For purposes of this section, accessible housing unit means an accessible housing unit that meets the handicapped facility requirements of the state building code, Minnesota Rules, chapter 1340. The list may also include housing units that do not meet handicapped facility code requirements, but that are accessible to disabled persons. The list must be made available at no cost to persons seeking accessible housing and must be updated at least every two months. An eligible organization must have the capability to develop, maintain, and publicize a list of accessible housing units within the organization's area of operation.

Sec. 3. [268.44] [EMERGENCY MORTGAGE AND RENTAL ASSISTANCE PILOT PROJECT.]

Subdivision 1. [ADMINISTRATION.] *The commissioner of jobs and training shall administer an emergency mortgage and rental assistance pilot project for individuals who are in imminent danger of losing their housing as a result of having insufficient income to allow payment of their rental or mortgage costs. Eligible project participants are individuals ineligible for emergency assistance or general assistance for housing and whose income does not exceed 80 percent of the area median income during the previous two years. No individual or family may receive more than six months of rental or mortgage assistance. The commissioner of jobs and training may establish eligibility priorities for emergency rental or mortgage assistance among the categories of persons needing assistance, including persons subject to immediate eviction for nonpayment of rent or foreclosure for nonpayment of mortgage installments or property taxes, when nonpayment is attributable to illness, unemployment, underemployment, or any other failure of resources beyond the person's control.*

Subd. 2. [LOCAL RESPONSIBILITIES.] *The commissioner of jobs and training must disburse funds to local agencies responsible for the distribution of emergency assistance. The local agencies may distribute funds to eligible project participants and may determine the amount of assistance on a case-by-case basis. Local agencies must provide program participants*

with referral services relating to housing and other resources and programs that may be available to them.

Subd. 3. [MORTGAGE ASSISTANCE.] *Eligible homeowners at risk of losing their housing as a result of a short-term disruption or decrease in income may receive monthly mortgage or mortgage arrears assistance interest-free loans. The local distributing agency must determine repayment schedules on a case-by-case basis. The commissioner of jobs and training must inform mortgagees of the mortgage assistance project.*

Subd. 4. [RENTAL ASSISTANCE.] *Eligible applicants who are in imminent danger of losing their housing may receive monthly rental or rental arrears assistance payments. Monthly rental assistance payments may not exceed the fair market rent of the rental housing unit. Persons may be required to repay the rental assistance based on their financial ability to pay, as determined by the local distributing agency.*

Sec. 4. Minnesota Statutes 1988, section 462A.03, is amended by adding a subdivision to read:

Subd. 21. [CITY.] *"City" has the meaning given in section 462C.02, subdivision 6.*

Sec. 5. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 14c. [NEIGHBORHOOD PRESERVATION.] *It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. A designated neighborhood must meet the following requirements:*

(1) at least 70 percent of the residential buildings are at least 35 years old;

(2) at least 60 percent of the residential buildings are owner-occupied;

(3) the average market value of the neighborhood's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the neighborhood under the agency's home mortgage loan program; and

(4) the geographic area of the neighborhood consists of contiguous parcels of land.

To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

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

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest;

or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing~~, previously financed by the agency,~~ which *was (i) previously financed by the agency, or (ii) not financed by the agency but* is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties. *In the sale of property benefited by federal housing assistance, priority must be given to a buyer who agrees to maintain the federal housing assistance.*

Sec. 7. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 30. [HOME EQUITY CONVERSION LOANS.] *(a) The agency may make or purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.*

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

(1) the sale or conveyance of the mortgaged property;

(2) the mortgaged property is no longer the mortgagor's principal residence;

(3) the death of the mortgagor; or

(4) a violation of an obligation of the mortgagor under the mortgage.

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

Sec. 8. [462A.203] [HOUSING PRESERVATION PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] *The agency may establish a housing preservation program for the purpose of making housing preservation grants to cities. Cities may use the grants to establish revolving loan funds for the acquisition, improvement, or rehabilitation of residential buildings for the purpose of preserving eligible housing. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, loans may be made to borrowers with ownership interests in property whose income is equal to or less than 110 percent of area median income. The aggregate original principal balances of those residential mortgagor loans must not exceed 25 percent of the total amount of housing preservation loan funds allocated to a city. Housing preservation loans may not be made for housing located within a targeted neighborhood designated under a neighborhood revitalization program.*

Subd. 2. [ELIGIBILITY REQUIREMENTS.] *A city's application for a*

housing preservation grant must include a geographic description of the area for which the grant will be used. A city may designate only one area for each grant application submitted, but may submit more than one application. The application must include a city council resolution certifying that the designated area meets the following requirements:

(1) at least 70 percent of the residential buildings are at least 35 years old;

(2) at least 60 percent of the residential buildings are owner-occupied;

(3) the average market value of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and

(4) the geographic area consists of contiguous parcels of land.

Subd. 3. [LOCAL MATCH.] *In order to qualify for a program grant, a city must match every dollar of state money with one dollar of city matching funds. City matching funds may consist of:*

(1) money from the general fund or a special fund of the city;

(2) money paid or repaid to a city from the proceeds of a grant that the city has received from the federal government, a profit or nonprofit corporation, or another entity or individual;

(3) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of the housing preservation program;

(4) money to be used to install, reinstall, repair, or improve the infrastructure facilities of an eligible area;

(5) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued for a project or program related to the implementation of a housing preservation program; and

(6) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a housing preservation program.

Subd. 4. [ADVISORY COMMITTEE.] *Before a city may make any loans under the housing preservation program, the city must establish an advisory committee to advise and assist the city in implementing the housing preservation program.*

Sec. 9. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3a. [CAPACITY BUILDING REVOLVING LOAN FUND.] *It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise*

such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Sec. 10. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3b. [CAPACITY BUILDING GRANTS.] *It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions.*

Sec. 11. Minnesota Statutes 1988, section 462A.21, subdivision 4k, is amended to read:

Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision 28, ~~from funds specifically appropriated by the legislature for that purpose~~ and may pay the costs and expenses for the development and operation of the program.

Sec. 12. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8b. [FAMILY RENTAL HOUSING.] *It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.*

Sec. 13. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8c. [RENTAL HOUSING FOR INDIVIDUALS.] *It may establish a rental housing assistance program for persons of low income or with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 25 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.*

Sec. 14. Minnesota Statutes 1988, section 462A.21, subdivision 12, is amended to read:

Subd. 12. [TEMPORARY HOUSING.] It may make *loans or* grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the *loan or* grant program authorized therein. ~~Grants pursuant to section 462A.05, subdivision 20 may be made only with specific appropriations by the legislature.~~

Sec. 15. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 12a. [PROGRAM MONEY TRANSFER.] *Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.*

Sec. 16. [462A.28] [HOME EQUITY CONVERSION LOAN COUNSELING PROGRAM.]

Subdivision 1. [PROGRAM ADMINISTRATION.] *The Minnesota housing finance agency shall select and contract with a nonprofit corporation to administer a home equity conversion loan counseling program for senior homeowners. The organization selected must meet the following requirements:*

(1) its primary purpose is to assist elderly persons in obtaining and maintaining affordable housing;

(2) it is knowledgeable about reverse mortgage programs;

(3) it has experience in counseling older persons on housing, including knowledge of alternative living arrangements for older persons; and

(4) it has knowledge of existing public support programs for older persons.

Subd. 2. [PROGRAM RESPONSIBILITIES.] *The organization selected to administer the counseling program in subdivision 1 must perform the following program responsibilities with program clients:*

(1) conduct a review of reverse mortgage programs, including the advantages, disadvantages, and alternatives;

(2) explain the effects of the mortgage on the client's estate and public benefits;

(3) explain the lending process; and

(4) discuss the client's supplemental income needs.

Sec. 17. [STATEWIDE AND SUBURBAN FUNDING ALLOCATION.]

The agency shall ensure that money appropriated under section 18 is distributed statewide and that the seven-county metropolitan area outside of the cities of Minneapolis and Saint Paul receives an equitable distribution of the allocation.

Sec. 18. [APPROPRIATION; LOW-INCOME RENTAL HOUSING.]

$3,000,000 is appropriated from the general fund for transfer to the housing development fund for low-income family and individual rental housing located outside of home rule charter or statutory cities of the first class.

Sec. 19. [APPROPRIATION; HOUSING PRESERVATION.]

$2,000,000 is appropriated from the general fund for transfer to the housing development fund for the housing preservation program.

Sec. 20. [APPROPRIATION; TRANSITIONAL AND MIGRANT HOUSING.]

$225,000 is appropriated from the general fund for transfer to the housing development fund for the acquisition, rehabilitation, or construction of transitional housing units. The commissioner of the Minnesota housing finance agency may authorize the transfer of up to $100,000 of this appropriation to the commissioner of jobs and training for the transitional housing program established under Minnesota Statutes, section 268.38.

$100,000 is appropriated from the general fund for transfer to the housing development fund for the acquisition, rehabilitation, or construction of affordable housing units for migrant laborers. To the extent possible, this appropriation must be combined with nonpublic money from private entities engaged in the business of producing and processing agricultural products, nonprofit organizations, and interested persons.

Sec. 21. [APPROPRIATION; CAPACITY BUILDING GRANTS.]

$100,000 is appropriated from the general fund for transfer to the housing development fund for capacity building grants.

Sec. 22. [HOME ENERGY LOANS.]

$3,100,000 of the money received by the state after the effective date of this section as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F. Supp. 586 (D. Kans. 1983), is transferred to the housing development fund for the purpose of making home energy loans before any money received by the state after the effective date of this section as a result of this litigation may be allocated to any other project.

Sec. 23. [APPROPRIATION; HOME EQUITY LOAN COUNSELING.]

$25,000 is appropriated from the general fund for transfer to the housing development fund for the home equity conversion loan counseling program.

Sec. 24. [APPROPRIATION; ACCESSIBLE HOUSING INFORMATION GRANTS.]

$50,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of jobs and training for accessible housing information grants.

ARTICLE 2

LANDLORD-TENANT PROVISIONS

Section 1. [504.181] [ESCROW OF RENT TO REMEDY VIOLATIONS.]

Subdivision 1. [DEFINITIONS.] *The definitions in section 566.18 apply to this section.*

Subd. 2. [ESCROW OF RENT.] *If a violation exists in a building, a tenant may deposit the amount of rent due to the owner with the court administrator using the following procedure:*

(a) For a violation of section 566.18, subdivision 6, clause (a), the

tenant may deposit with the court administrator the rent due the owner along with a copy of the written notice of the code violation as provided in section 566.19, subdivision 2. The tenant may not deposit the rent or file the written notice of the code violation until the time granted to make repairs has expired without satisfactory repairs being made, unless the tenant alleges that the time granted is excessive.

(b) For a violation of section 566.18, subdivision 6, clause (b) or (c), the tenant must give written notice to the owner specifying the violation. The notice must be delivered personally or sent to the person or place where rent is normally paid. If the violation is not corrected within 14 days, the tenant may deposit the amount of rent due to the owner with the court administrator along with an affidavit specifying the violation. The court must provide a simplified form affidavit for use under this clause.

As long as proceedings are pending under this section, the tenant must pay rent as directed by the court and may not withhold rent to remedy a violation.

Subd. 3. [COUNTERCLAIM FOR POSSESSION.] *The owner may file a counterclaim for possession of the premises in cases where the owner alleges that the tenant did not deposit the full amount of rent with the court administrator. The court must set the date for a hearing on the counterclaim not less than seven nor more than 14 days from the day of filing the counterclaim. If the rent escrow hearing and the hearing on the counterclaim for possession cannot be heard on the same day, the matters must be consolidated and heard on the date scheduled for the hearing on the counterclaim. The contents of the counterclaim for possession must meet the requirements for a complaint in unlawful detainer under section 566.05. The owner must serve the counterclaim as provided in section 566.06, except that the affidavits of service or mailing may be brought to the hearing rather than filed with the court before the hearing. The court must provide a simplified form for use under this section.*

Subd. 4. [DEFENSES.] *The defenses provided in section 566.23 are defenses to an action brought under this section.*

Subd. 5. [FILING FEE.] *The court administrator may charge a filing fee in the amount set for complaints and counterclaims in conciliation court, subject to the filing of an inability to pay affidavit.*

Subd. 6. [NOTICE OF HEARING.] *A hearing must be held within ten to 14 days of the day a tenant deposits rent with the court administrator. If the cost of remedying the violation, as estimated by the tenant, is within the jurisdictional limit for conciliation court, the court administrator shall notify the owner and the tenant of the time and place of the hearing by first class mail. The notice of hearing must be mailed within one business day of the day the tenant deposits the rent with the court administrator. The tenant must provide the court administrator with the owner's name and address. If the owner has disclosed a post office box as the owner's address under section 504.22, notice of the hearing may be mailed to the post office box. If the cost of remedying the violation, as estimated by the tenant, is above the jurisdictional limit for conciliation court, the tenant must serve the notice of hearing according to the rules of civil procedure. The notice of hearing must specify the amount the tenant has deposited with the court administrator, and must inform the owner that possession of the premises will not be in issue at the hearing unless the owner files a counterclaim for possession or an action under sections 566.01 to 566.17.*

Subd. 7. [HEARING.] *The hearing shall be conducted by a court without a jury. A certified copy of an inspection report meets the requirements of rule 803(8) of the Rules of Evidence as an exception to the rule against hearsay, and meets the requirements of rules 901 and 902 of the Rules of Evidence as to authentication.*

Subd. 8. [RELEASE OF RENT PRIOR TO HEARING.] *If the tenant gives written notice to the court administrator that the violation has been remedied, the court administrator must release the rent to the owner and, unless the hearing has been consolidated with another action, must cancel the hearing. If the tenant and the owner enter into a written agreement signed by both parties apportioning the rent between them, the court administrator must release the rent in accordance with the written agreement and cancel the hearing.*

Subd. 9. [CONSOLIDATION WITH UNLAWFUL DETAINER.] *Actions under this section and actions in unlawful detainer brought under sections 566.01 to 566.17 which involve the same parties must be consolidated and heard on the date scheduled for the unlawful detainer.*

Subd. 10. [JUDGMENT.] *(a) Upon finding that a violation exists, the court may, in its discretion, do any or all of the following:*

(1) order relief as provided in section 566.25, including retroactive rent abatement;

(2) order that all or a portion of the rent in escrow be released for the purpose of remedying the violation;

(3) order that rent be deposited with the court as it becomes due to the owner or abate future rent until the owner remedies the violation; or

(4) impose fines as required in section 9.

(b) When a proceeding under this section has been consolidated with a counterclaim for possession or an action in unlawful detainer under sections 566.01 to 566.17, and the owner prevails, the tenant may redeem the tenancy as provided in section 504.02.

(c) When a proceeding under this section has been consolidated with a counterclaim for possession or an action under an unlawful detainer under sections 566.01 to 566.17 on the grounds of nonpayment, the court may not require the tenant to pay the owner's filing fee as a condition of retaining possession of the premises when the tenant has deposited with the court the full amount of money found by the court to be owed to the owner.

Subd. 11. [RELEASE OF RENT AFTER HEARING.] *Upon finding, after a hearing on the matter has been held, that no violation exists in the building or that the tenant did not deposit the full amount of rent due with the court administrator, the court shall order the immediate release of the rent to the owner. Upon finding that a violation existed, but was remedied between the commencement of the action and the hearing, the court may order rent abatement and must release the rent to the parties accordingly. Any rent found to be owed to the tenant must be released to the tenant.*

Subd. 12. [RETALIATION; WAIVER; RIGHTS AS ADDITIONAL.] *The provisions of section 566.28 apply to proceedings under this section. The tenant rights under this section may not be waived or modified and are in addition to and do not limit other rights or remedies which may be available to the tenant and owner, except as provided in subdivision 2.*

Sec. 2. Minnesota Statutes 1988, section 504.255, is amended to read:

504.255 [UNLAWFUL OUSTER OR EXCLUSION; DAMAGES.]

If a landlord, an agent, or other person acting under the landlord's direction or control, unlawfully and in bad faith removes ~~or~~, excludes, *or forcibly keeps out* a tenant from a residential premises, the tenant may recover from the landlord ~~up to~~ treble damages *or $500, whichever is greater,* and reasonable attorney's fees.

Sec. 3. Minnesota Statutes 1988, section 504.26, is amended to read:

504.26 [UNLAWFUL TERMINATION OF UTILITIES.]

Except as otherwise provided in this ~~subdivision~~ *section*, if a landlord, an agent or other person acting under the landlord's direction or control, interrupts or causes the interruption of electricity, heat, gas, or water services to the tenant, the tenant may recover from the landlord treble damages *or $500, whichever is greater,* and reasonable attorney's fees. It is a defense to any action brought under this ~~subdivision~~ *section* that the interruption was the result of the deliberate or negligent act or omission of a tenant or anyone acting under the direction or control of the tenant. The tenant may recover only actual damages under this ~~subdivision~~ *section* if:

(a) the tenant has not given the landlord, an agent or other person acting under the landlord's direction or control, notice of the interruption; or

(b) the landlord, an agent or other person acting under the landlord's direction or control, after receiving notice of the interruption from the tenant and within a reasonable period of time after the interruption, taking into account the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants, has reinstated or made a good faith effort to reinstate the service or has taken other remedial action; or

(c) the interruption was for the purpose of repairing or correcting faulty or defective equipment or protecting the health and safety of the occupants of the premises involved and the service was reinstated or a good faith effort was made to reinstate the service or other remedial action was taken by the landlord, an agent, or other person acting under the landlord's direction or control within a reasonable period of time, taking into account the nature of the defect, the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants.

Sec. 4. [504.29] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 5 and 6.*

Subd. 2. [OWNER.] *"Owner" has the meaning given it in section 566.18, subdivision 3.*

Subd. 3. [TENANT.] *"Tenant" has the meaning given it in section 566.18, subdivision 2.*

Subd. 4. [TENANT REPORT.] *"Tenant report" means a written, oral, or other communication by a tenant screening service that includes information concerning an individual's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, and that is collected, used, or expected to be used for the purpose of making decisions relating to residential tenancies or residential tenancy*

applications.

Subd. 5. [TENANT SCREENING SERVICE.] *"Tenant screening service" means a person or business regularly engaged in the practice of gathering, storing, or disseminating information about tenants or assembling tenant reports for monetary fees, dues, or on a cooperative nonprofit basis.*

Sec. 5. [504.30] [TENANT REPORTS; DISCLOSURE AND CORRECTIONS.]

Subdivision 1. [DISCLOSURES REQUIRED.] *Upon request and proper identification, a tenant screening service must disclose the following information to an individual:*

(1) the nature and substance of all information in its files on the individual at the time of the request; and

(2) the sources of the information.

A tenant screening service must make the disclosures to an individual without charge if information in a tenant report has been used within the past 30 days to deny the rental or increase the security deposit or rent of a residential housing unit to the individual. If the tenant report has not been used to deny the rental or increase the rent or security deposit of a residential housing unit within the past 30 days, the tenant screening service may impose a reasonable charge for making the disclosure required under this section. The tenant screening service must notify the tenant of the amount of the charge before furnishing the information. The charge may not exceed the amount that the tenant screening service would impose on each designated recipient of a tenant report, except that no charge may be made for notifying persons of the deletion of information which is found to be inaccurate or which can no longer be verified.

Subd. 2. [CORRECTIONS.] *If the completeness or accuracy of an item of information contained in an individual's file is disputed by the individual, the tenant screening service must reinvestigate and record the current status of the information. If the information is found to be inaccurate or can no longer be verified, the tenant screening service must delete the information from the individual's file and tenant report. At the request of the individual, the tenant screening service must give notification of the deletions to persons who have received the tenant report within the past six months.*

Subd. 3. [EXPLANATIONS.] *The tenant screening service must permit an individual to explain any disputed item not resolved by reinvestigation in a tenant report. The explanation must be included in the tenant report. The tenant screening service may limit the explanation to no more than 100 words.*

Subd. 4. [COURT FILE INFORMATION.] *If a tenant screening service includes information from a court file on an individual in a tenant report, the outcome of the court proceeding must be accurately recorded in the tenant report, unless the outcome is not provided by the court. Whenever the court supplies information from a court file on an individual, in whatever form, the court shall include information on the outcome of the court proceeding when it is available. The tenant screening service is not liable under section 6 if the tenant screening service reports complete and accurate information as provided by the court.*

Subd. 5. [INFORMATION TO TENANT.] *If the owner uses information*

in a tenant report to deny the rental or increase the security deposit or rent of a residential housing unit, the owner must inform the prospective tenant of the name and address of the tenant screening service that provided the tenant report.

Sec. 6. [504.31] [TENANT REPORT; REMEDIES.]

The remedies provided in section 8.31 apply to a violation of section 5. A tenant screening service or owner in compliance with the provisions of the Fair Credit Reporting Act, United States Code, title 15, section 1681, et seq., is considered to be in compliance with section 5.

Sec. 7. [504.32] [NOTICE REQUIREMENT.]

Subdivision 1. [DEFINITIONS.] *The definitions of "owner" and "tenant" in section 566.18 apply to this section.*

Subd. 2. [NOTICE.] *The owner of federally subsidized rental housing must give tenants a one-year written notice under the following conditions:*

(1) a federal section 8 contract will expire;

(2) the owner will exercise the option to terminate or not renew a federal section 8 contract and mortgage;

(3) the owner will prepay a mortgage and the prepayment will result in the termination of any federal use restrictions that apply to the housing; or

(4) the owner will terminate a housing subsidy program.

Sec. 8. Minnesota Statutes 1988, section 566.175, subdivision 1, is amended to read:

Subdivision 1. [UNLAWFUL EXCLUSION OR REMOVAL.] *For purposes of this section, "unlawfully removed or excluded" means actual or constructive removal or exclusion. Actual or constructive removal or exclusion may include the termination of utilities, or the removal of doors, windows, or locks.* Any tenant who is unlawfully removed or excluded from lands or tenements which are demised or let to the tenant may recover possession of the premises in the following manner:

(a) The tenant shall present a verified petition to the county or municipal court of the county in which the premises are located, which petition shall:

(1) describe the premises of which possession is claimed and the owner, as defined in section 566.18, subdivision 3, of the premises;

(2) specifically state the facts and grounds that demonstrate that the removal or exclusion was unlawful including a statement that no judgment and writ of restitution have been issued under section 566.09 in favor of the owner and against petitioner as to the premises and executed in accordance with section 566.17; and

(3) ask for possession thereof.

(b) If it clearly appears from the specific grounds and facts stated in the verified petition or by separate affidavit of petitioner or the petitioner's counsel or agent that the removal or exclusion was unlawful, the court shall immediately order that petitioner have possession of the premises.

(c) The petitioner shall furnish monetary or other security if any as the court deems appropriate under the circumstances for payment of all costs

and damages the defendant may sustain if the order is subsequently found to have been obtained wrongfully. In determining the appropriateness of any security the court shall consider petitioner's ability to afford monetary security.

(d) The court shall direct the order to the sheriff or any constable of the county in which the premises is located and the sheriff or constable shall execute the order immediately by making a demand upon the defendant, if found, or the defendant's agent or other person in charge of the premises, for possession of the premises. If the defendant fails to comply with the demand, the officer shall take whatever assistance may be necessary and immediately place the petitioner in possession of the premises. If the defendant or the defendant's agent or other person in control of the premises cannot be found and if there is no person in charge of the premises detained so that no demand can be made, the officer shall immediately enter into possession of the premises and place the petitioner in possession of the premises. The officer shall also serve the order and verified petition or affidavit without delay upon the defendant or agent, in the same manner as a summons is required to be served in a civil action in district court.

Sec. 9. [566.261] [VIOLATIONS OF BUILDING REPAIR ORDERS.]

Subdivision 1. [NONCOMPLIANCE; FINES.] *Upon finding an owner has willfully failed to comply with a court order to remedy a violation, the court shall fine the owner according to the following schedule:*

(1) $250 for the first failure to comply;

(2) $500 for the second failure to comply with an order regarding the same violation; and

(3) $750 for the third and subsequent failure to comply with an order regarding the same violation.

Subd. 2. [CRIMINAL PENALTY.] *An owner who willfully fails to comply with a court order to remedy a violation is guilty of a gross misdemeanor if it is the third or subsequent time that the owner has willfully failed to comply with an order to remedy a violation within a three-year period.*

Subd. 3. [FINES COLLECTED.] *Fines collected under subdivision 1 in Hennepin county must be used for expenses of the fourth judicial district, housing calendar consolidation project. Fines collected under subdivision 1 in Ramsey county must be used for expenses of the second judicial district, housing calendar consolidation project.*

Sec. 10. Minnesota Statutes 1988, section 566.29, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATOR.] The administrator may be ~~any~~ *a* person, *local government unit or agency,* other than an owner of the building, the inspector, the complaining tenant or any person living in the complaining tenant's dwelling unit. If a state~~,~~ *or* court~~,~~ ~~or local~~ agency is authorized by statute, ordinance or regulation to provide persons to act as administrators under this section, the court may appoint such persons as administrators to the extent they are available.

Sec. 11. Minnesota Statutes 1988, section 566.29, subdivision 4, is amended to read:

Subd. 4. [POWERS.] The administrator ~~shall be empowered~~ *is authorized* to:

(a) Collect rents from tenants and commercial tenants, evict tenants and commercial tenants for nonpayment of rent or other cause, rent vacant dwelling units on a month to month basis, rent vacant commercial units with the consent of the owner and exercise all other powers necessary and appropriate to carry out the purposes of Laws 1973, chapter 611;

(b) Contract for the reasonable cost of materials, labor and services necessary to remedy the violation or violations found by the court to exist *and for the rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property*, and make disbursements for payment therefor from funds available for the purpose;

(c) Provide any services to the tenants which the owner is obligated to provide but refuses or fails to provide, and pay for them from funds available for the purpose;

(d) Petition the court, after notice to the parties, for an order allowing the administrator to encumber the premise to secure funds to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist *and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property*, and to pay for them from funds derived from the encumbrance; and

(e) Petition the court, after notice to the parties, for an order allowing the administrator to receive funds made available for this purpose by the municipality to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist *and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property*, and pay for them from funds derived from the municipal sources. The municipality shall recover disbursements by special assessment on the real estate affected, bearing interest at the rate determined by the municipality, not exceeding the rate established for finance charges for open-end credit sales under section 334.16, subdivision 1, clause (b), with the assessment, interest and any penalties to be collected the same as special assessments made for other purposes under state statute or municipal charter.

Sec. 12. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 6. [BUILDING REPAIRS AND SERVICES.] *The administrator must first contract and pay for building repairs and services necessary to keep the building habitable before other expenses may be paid. If sufficient funds are not available for paying other expenses, such as tax and mortgage payments, after paying for necessary repairs and services, the owner is responsible for the other expenses.*

Sec. 13. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 7. [ADMINISTRATOR'S LIABILITY.] *The administrator may not be held personally liable in the performance of duties under this section except for misfeasance, malfeasance, or nonfeasance of office.*

Sec. 14. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 8. [DWELLING'S ECONOMIC VIABILITY.] *In considering whether to grant the administrator funds under subdivision 4, the court*

must consider factors relating to the long-term economic viability of the dwelling. The court's analysis must consider factors including the causes leading to the appointment of an administrator, the repairs necessary to bring the property into code compliance, the market value of the property, and whether present and future rents will be sufficient to cover the cost of repairs or rehabilitation.

Sec. 15. [566.291] [RECEIVERSHIP REVOLVING LOAN FUND.]

The Minnesota housing finance agency may establish a revolving loan fund to pay the administrative expenses of receivership administrators under section 566.29 for properties for occupancy by low- and moderate-income persons or families. Property owners are responsible for repaying administrative expense payments made from the fund.

Sec. 16. [HOUSING CALENDAR CONSOLIDATION PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT.] *A three-year pilot project may be established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.*

Subd. 2. [JURISDICTION.] *The housing calendar project may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord-tenant damage actions; and actions for rent and rent abatement. A proceeding under sections 566.01 to 566.17 may not be delayed because of the consolidation of matters under the housing calendar project.*

Subd. 3. [REFEREE.] *The chief judge of district court may appoint a referee for the housing calendar project. The referee must be learned in the law. The referee must be compensated according to the same scale used for other referees in the district court. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar project.*

Subd. 4. [REFEREE DUTIES.] *The duties and powers of the referee in the housing calendar project are as follows:*

(1) to hear and report all matters within the jurisdiction of the housing calendar project and as may be directed to the referee by the chief judge; and

(2) to recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. [TRANSMITTAL OF COURT FILE.] *Upon the conclusion of the hearing in each case, the referee must transmit to the district court judge, the court file together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.*

Subd. 6. [CONFIRMATION OF REFEREE ORDERS.] *Review of any recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds*

for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, must set a time and place for the review hearing.

Subd. 7. [PROCEDURES.] *The chief judge of the district must establish procedures for the implementation of the pilot project, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the project.*

Subd. 8. [EVALUATION.] *The state court administrator may establish a procedure in consultation with the chief judge of each district, each district administrator, and an advisory group for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters, and must report to the legislature by January 1, 1992. An advisory group, appointed by the state court administrator, may be established to provide ongoing oversight and evaluation of the housing calendar consolidation project. The advisory group must include representatives of the second and fourth judicial districts and must be composed of at least one representative from each of the following groups: the state court administrator's office; the district court administrator's office; the district judges; owners of rental property; and tenants.*

Sec. 17. [DEMONSTRATION PROJECTS.]

The establishment of a housing calendar project under section 16 is a demonstration project to evaluate the effectiveness of coordinating the adjudication of all housing-related cases in one court.

Sec. 18. [APPROPRIATION; HOUSING CALENDAR PILOT PROJECT.]

$600,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the state court administrator to distribute to the second and fourth judicial districts for the housing calendar consolidation project.

Sec. 19. [REPEALER.]

Sections 9, subdivision 3, and 16 are repealed July 1, 1992.

ARTICLE 3

MISCELLANEOUS

Section 1. [363.032] [AFFIRMATIVE MARKETING REGULATIONS.]

To promote and encourage open housing policies, the commissioner must establish affirmative marketing regulations for housing developers that receive more than $50,000 in state or local funds. The regulations must require the management or marketing agency for the housing development to adopt an information distribution or marketing plan for actively informing minorities and other protected groups of available housing opportunities. For purposes of this subdivision, "protected groups" has the meaning given it in section 43A.02, subdivision 33. The commissioner may adopt rules to carry out the purposes of this section.

Sec. 2. [363.033] [RENTAL HOUSING PRIORITY; ACCESSIBLE UNITS.]

Subdivision 1. [DEFINITIONS.] *The definitions in this subdivision apply to this section.*

(a) "Accessible unit" means an accessible rental housing unit that meets the handicapped facility requirements of the state building code, Minnesota

Rules, chapter 1340.

(b) "Owner" has the meaning given it in section 566.18, subdivision 3.

Subd. 2. [PRIORITY REQUIREMENT.] *(a) An owner of rental housing that contains accessible units must give priority for the rental of an accessible unit to a disabled person or a family with a disabled family member who will reside in the unit. The owner must inform nondisabled persons and families that do not include a disabled family member of the possibility of being offered a nonhandicapped-equipped unit as provided under this section before a rental agreement to rent an accessible unit is entered.*

(b) If a nondisabled person or a family that does not include a disabled person is living in an accessible unit, the person or family must be offered a nonhandicapped-equipped unit if the following conditions occur:

(1) a disabled person or a family with a disabled family member who will reside in the unit has signed a rental agreement to rent the accessible unit; and

(2) a similar nonhandicapped-equipped unit in the same rental housing complex is available at the same rent.

Sec. 3. Minnesota Statutes 1988, section 463.21, is amended to read:

463.21 [ENFORCEMENT OF JUDGMENT.]

If a judgment is not complied with in the time prescribed, the governing body may cause the building to be repaired, razed, or removed or the hazardous condition to be removed or corrected as set forth in the judgment, or acquire the building, *if any,* and real estate on which the building or hazardous condition is located by eminent domain as provided in section 463.152. The cost of ~~such~~ *the* repairs, razing, *correction,* or removal ~~shall~~ *may* be*:* a lien against the real estate on which the building is located or the hazardous condition exists ~~and~~*, or recovered by obtaining a judgment against the owner of the real estate on which the building is located or the hazardous condition exists. A lien* may be levied and collected only as a special assessment in the manner provided by Minnesota Statutes 1961, sections 429.061 to 429.081, but the assessment ~~shall be~~ *is* payable in a single installment. When the building is razed or removed by the municipality, the governing body may sell the salvage and valuable materials at public auction upon three days' posted notice.

Sec. 4. Minnesota Statutes 1988, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires,

to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings

or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the

contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5); ~~and~~

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual~~.~~*; and*

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.

Sec. 5. [471.9997] [HOUSING IMPACT STATEMENT.]

Before public funds may be released for any development project that causes the removal of five or more units of low-income housing, a housing impact statement must be prepared and made available for public inspection by the state agency, board, commission, or local government unit providing the public funds. A housing impact statement must include the following:

(1) the adverse impact on low-income housing as a result of a development project's activity;

(2) whether or not the affected community has a sufficient amount of affordable housing to accommodate low-income persons displaced by the development project; and

(3) the amount, type, and cost of replacement housing that is necessary.

This section does not apply to property that has been vacant for two or more years.

Sec. 6. Minnesota Statutes 1988, section 582.03, is amended to read:

582.03 [PURCHASER AT FORECLOSURE, EXECUTION, OR JUDICIAL SALE MAY PAY TAXES, ASSESSMENTS, INSURANCE PREMIUMS, OR INTEREST.]

The purchaser at any sale, upon foreclosure of mortgage or execution or at any judicial sale during the ~~year~~ *period* of redemption, may pay any taxes or assessments on which any penalty would otherwise accrue, and may pay the premium upon any policy of insurance procured in renewal of any expiring policy upon mortgaged premises, *may pay any costs incurred under section 582.031*, and may, in case any interest or installment of principal upon any prior or superior mortgage, *lien, or contract for deed* is in default or shall become due during ~~such year~~ *the period* of redemption, pay the same, and, in all such cases, the sum so paid, with interest, shall be a part of the sum required to be paid to redeem from such sale. Such payments shall be proved by the affidavit of the purchaser or the purchaser's agent or attorney, stating the items and describing the premises, which must be filed for record with the county recorder or registrar of titles, and a copy thereof shall be furnished to the sheriff at least ten days before the expiration of the ~~year~~ *period* of redemption.

Sec. 7. [582.031] [LIMITED RIGHT OF ENTRY BY MORTGAGEE OR PURCHASER AT FORECLOSURE SALE.]

Subdivision 1. [RIGHT OF ENTRY.] *If premises described in a mortgage or sheriff's certificate are vacant or unoccupied, the holder of the mortgage or sheriff's certificate or the holder's agents and contractors may enter upon the premises to protect the premises from waste, until the holder of the mortgage or sheriff's certificate receives notice that the premises are occupied. The holder of the mortgage or sheriff's certificate does not become a mortgagee in possession by taking actions authorized under this section. An affidavit of the sheriff, the holder of the mortgage or sheriff's certificate, or a person acting on behalf of the holder, describing the premises and stating that the same are vacant or unoccupied, is prima facie evidence of the facts stated in the affidavit when recorded in the office of the county recorder or the registrar of titles in the county where the premises are located.*

Subd. 2. [AUTHORIZED ACTIONS.] *The holder of the mortgage or sheriff's certificate may take the following actions to protect the premises from waste: install or change locks on doors and windows, board windows, and otherwise prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities. If the holder of the mortgage or sheriff's certificate installs or changes locks under this section, a key to the premises must be promptly delivered to the mortgagor or any person lawfully claiming through the mortgagor, upon request.*

Subd. 3. [COSTS.] *All costs incurred by the holder of the mortgage to protect the premises from waste may be added to the principal balance of the mortgage. The costs may bear interest to the extent provided in the mortgage and may be added to the redemption price if the costs are incurred after a foreclosure sale. If the costs are incurred after a foreclosure sale, the purchaser at the foreclosure sale must comply with the provisions of section 582.03. The provisions of this section are in addition to, and do not limit or replace, any other rights or remedies available to holders of mortgages and sheriff's certificates, at law or under the applicable mortgage agreements.*

Sec. 8. Laws 1971, chapter 333, as amended by Laws 1973, chapter 534, is amended by adding a section to read:

Sec. 3a. [DAKOTA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; PERFORMANCE BONDS.]

Notwithstanding Minnesota Statutes, section 469.015, subdivision 3, a performance bond is not required for any works of single family housing construction undertaken by the authority if the authority determines that the cost of a performance bond is greater than the benefit of the bond.

Sec. 9. Laws 1974, chapter 475, is amended by adding a section to read:

Sec. 2a. [WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; PERFORMANCE BONDS.]

Notwithstanding Minnesota Statutes, section 469.015, subdivision 3, a performance bond is not required for any works of single family housing construction undertaken by the authority if the authority determines that the cost of a performance bond is greater than the benefit of the bond.

Sec. 10. [EFFECTIVE DATE.]

Section 8 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the Dakota county housing and redevelopment authority.

Section 9 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the Washington county housing and redevelopment authority.

ARTICLE 4

SPECIAL LAWS

Section 1. [DEFINITION.]

"City" means the city of Saint Paul and the city of Minneapolis for purposes of sections 2 to 5.

Sec. 2. Laws 1974, chapter 285, section 2, is amended to read:

Sec. 2. [~~CITY OF MINNEAPOLIS;~~ HOUSING REHABILITATION LOAN PROGRAM.] The city ~~of Minneapolis~~ is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for ~~this~~ *such a* program, the following factors shall be considered:

(1) The availability of other governmental programs affordable by the applicant;

(2) The availability and affordability of private market financing;

(3) Whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) Whether the housing is required, pursuant to a court order issued under Minnesota Statutes, 1973 Supplement, Section 566.25, Clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) Whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and ~~further provided that all loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes.~~

(6) Whether rehabilitation of the housing will maintain or improve the

value of the housing and will help to stabilize the neighborhood in which the housing is located.

Sec. 3. Laws 1974, chapter 285, is amended by adding a section to read:

Sec. 2a. [NEW SINGLE FAMILY RESIDENCES.]

Any housing rehabilitation loan program undertaken under section 2 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 4. Laws 1974, chapter 285, section 3, is amended to read:

Sec. 3. [~~CITY OF MINNEAPOLIS;~~ HOUSING REHABILITATION GRANT PROGRAM.] The city ~~of Minneapolis~~ is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications for *grants under* this program, all of the considerations and limitations enumerated in section 2 for loans must be considered ~~in making grants under this program,~~ and the following factors must also be considered:

(1) Whether the housing unit is a single family dwelling or homesteaded unit and

(2) Whether the applicant is a person of low income; and further provided that the city council ~~of the city of Minneapolis~~ shall by ordinance set forth the regulations for ~~this~~ *its* grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, *and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.*

Sec. 5. Laws 1974, chapter 285, section 4, is amended to read:

Sec. 4. [ISSUANCE OF BONDS.] To finance the programs authorized in sections 2, *2a,* and 3 of this act, the governing body of the city ~~of Minneapolis~~ may by resolution authorize, issue, and sell general obligation bonds of the city ~~of Minneapolis~~ in accordance with the provisions of Minnesota Statutes, Chapter 475. The total amount of all bonds outstanding for the programs shall not exceed ~~$10,000,000~~ *$25,000,000*. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 6. [REPEALER.]

Laws 1974, chapter 351, sections 1, 2, 3, and 4, as amended by Laws 1975, chapter 260, section 5; and Laws 1975, chapter 260, sections 1,

2, 3, 4, and 5, are repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day after enactment without local approval in accordance with Minnesota Statutes, section 645.023, subdivision 1, clause (a).

ARTICLE 5

CAN-DO AND WAY TO GROW/SCHOOL READINESS PROGRAMS

Section 1. [116J.983] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *For the purposes of section 2, the following terms have the meanings given them.*

Subd. 2. [COMMUNITY AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION GRANT.] *"Community and neighborhood development organization grant" or "grant" means a grant awarded under section 2, subdivision 1.*

Subd. 3. [COMMUNITY AND NEIGHBORHOOD DEPARTMENT ORGANIZATION PLAN.] *"Community and neighborhood department organization plan" or "plan" means the plan required under section 2, subdivision 3.*

Subd. 4. [ELIGIBLE ORGANIZATION.] *"Eligible organization" means a nonprofit organization or group of persons that is recognized as a viable community or neighborhood organization by a home rule charter or statutory city, town, or an Indian tribe, and that has defined neighborhood or community boundaries. An eligible organization must have a board that is representative of the neighborhood's or community's interests and whose members reflect the cultural, racial, and ethnic diversity of the neighborhood or community. An eligible organization or group of persons must complete training and be certified as required under section 2, subdivision 4.*

Sec. 2. [116J.984] [COMMUNITY AND NEIGHBORHOOD DEVELOPMENT ORGANIZATION PROGRAM.]

Subdivision 1. [COMMUNITY AND NEIGHBORHOOD DEVELOPMENT GRANTS.] *The commissioner may award matching grants to eligible organizations. Grants to any one eligible organization may not exceed $25,000 in any fiscal year and a grant may not be used for any purpose that replaces an existing community program identified by the commissioner. Each grant must be matched with at least two dollars of nonstate money or in-kind contributions to each dollar of grant money. The grants may be used for community or neighborhood public safety and human service activities, street and public property lighting, recycling efforts, repair or removal of dilapidated buildings, community or neighborhood beautification and cleanup, historic preservation of buildings, small scale park and open space development, and other projects, programs, or activities that the commissioner determines will improve or revitalize the community or neighborhood.*

Subd. 2. [INTERNSHIP PROGRAM.] *Up to $5,000 of any grant awarded under subdivision 1 may be used by an eligible organization for an internship program. The purpose of the internship program is to enable local residents to gain skills in program administration, neighborhood organization, volunteer recruitment, neighborhood safety, and other skills to*

ensure continued neighborhood or community improvement and revitalization.

Subd. 3. [GRANT APPLICATIONS.] *Eligible organizations may apply to the commissioner for grants awarded under subdivision 1. The application must include a community and neighborhood development organization plan that addresses the following:*

(1) a geographic, social, and economic description of the area served by the eligible organization;

(2) a description of why the projects or activities are required in the neighborhood or community;

(3) a detailed description of the objectives for which the grant money will be used;

(4) a description of the process used to encourage citizen involvement in determining the needs, objectives, and the design of the project or activity;

(5) an assessment of the strength and weaknesses of the neighborhood or community;

(6) a detailed description of the projects or activities that will be used to implement the objectives;

(7) a description of the expected outcomes of the projects or activities financed by the grant;

(8) identification of the source of the required matching funds; and

(9) any other information the commissioner determines necessary to award the grants.

Subd. 4. [TRAINING; CERTIFICATION.] *Before an eligible organization may apply for a grant under subdivision 1, the commissioner must certify that the eligible organization meets administrative, fiscal accountability, and planning requirements. The commissioner shall establish a set of criteria for the certification of eligible organizations. The commissioner may provide leadership and other training to eligible organizations to assist them in meeting the requirements for certification and developing the community and neighborhood development organization plan. The commissioner may use other department resources and staff to carry out the training.*

Subd. 5. [RECERTIFICATION.] *An eligible organization must be recertified annually to maintain its eligibility for grants under subdivision 1. As part of recertification, the commissioner shall review the plan to determine whether the organization continues to address its objectives and the organization demonstrates that the community or neighborhood's level of volunteer citizen participation is maintained or expanded.*

Subd. 6. [APPLICATIONS; PRIORITY.] *The commissioner may establish criteria to establish the priority of the applications received for grants awarded under subdivision 1. The criteria may include:*

(1) the degree of community support measured by the amount of participation in the project or activities by volunteers;

(2) the extent that the eligible organizations have participated with or solicited input from other organizations that provide community and regional assistance;

(3) the amount of nonstate matching funds identified as available for the project or activities; and

(4) any other criteria the commissioner determines necessary to carry out the purposes of this section.

Subd. 7. [ENTITLEMENT.] *The commissioner may set aside up to 40 percent of the money available under this section for grants awarded to eligible organizations located in cities of the first class as defined in section 410.01.*

Subd. 8. [LOCAL GOVERNMENT SUPPORT.] *Before an application for a grant awarded under subdivision 1 may be considered by the commissioner, the eligible organization must have received a formal resolution of support for the application of the governing body of the home rule charter or statutory city, town, or Indian tribe within whose jurisdiction the eligible organization is located.*

Subd. 9. [COMMUNITY ASSISTANCE PROGRAM INVENTORY.] *The commissioner may develop and maintain an inventory of public and private community assistance programs. The inventory must be made available to eligible organizations, other community assistance providers, and other persons that request assistance from the commissioner. In developing the inventory the commissioner shall coordinate with other similar activities.*

Subd. 10. [RULES.] *The commissioner may adopt rules under chapter 14 as necessary for the administration of the grants under this section.*

Subd. 11. [STATE AGENCY COOPERATION.] *State agencies must cooperate and assist when requested by the commissioner to carry out the purposes of this section.*

Subd. 12. [ADVISORY COMMITTEE.] *The commissioner may establish advisory committees to assist in carrying out the purposes of this section.*

Sec. 3. [145.926] [WAY TO GROW/SCHOOL READINESS PROGRAM.]

Subdivision 1. [ADMINISTRATION.] *The commissioner of health shall administer the way to grow/school readiness program, in consultation with the commissioners of human services and education, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age five by coordinating and improving access to community based and neighborhood based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.*

Subd. 2. [PROGRAM COMPONENTS.] *A way to grow/school readiness program may include:*

(1) a program of home visitors to contact pregnant women early in their pregnancies, encourage them to obtain prenatal care, and provide social support, information, and referrals regarding prenatal care and well-baby care to reduce infant mortality, low birth weight, and childhood injury, disease, and disability;

(2) a program of home visitors to provide social support, information, and referrals regarding parenting skills and to encourage families to participate in parenting skills programs and other family supportive services;

(3) support of neighborhood based or community based parent-child and

family resource centers or interdisciplinary resource teams to offer supportive services to families with preschool children;

(4) staff training, technical assistance, and incentives for collaboration designed to raise the quality of community services relating to prenatal care, child development, health, and school readiness;

(5) programs to raise general public awareness about practices that promote healthy child development and school readiness;

(6) support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children;

(7) programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families;

(8) support of periodic screening and evaluation services for preschool children to assure adequate developmental progress;

(9) support of health, educational, and other developmental services needed by families with preschool children;

(10) support of family prevention and intervention programs needed to address risks of child abuse or neglect;

(11) development or support of a jurisdiction-wide coordinating agency to develop and oversee programs to enhance child health, development, and school readiness with special emphasis on neighborhoods with a high proportion of children in need; and

(12) other programs or services to improve the health, development, and school readiness of children in target neighborhoods and communities.

Subd. 3. [ELIGIBLE GRANTEES.] *An application for a grant may be submitted by any of the following entities:*

(1) a city, town, county, school district, or other local unit of government;

(2) two or more governmental units organized under a joint powers agreement;

(3) a community action agency that satisfies the requirements of section 268.53, subdivision 1; or

(4) a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. [PILOT PROJECTS.] *The commissioner shall award grants for one pilot project in each of the following areas of the state:*

(1) a first class city located within the metropolitan area as defined in section 473.121, subdivision 2;

(2) a second class city located within the metropolitan area as defined in section 473.121, subdivision 2;

(3) a city with a population of 50,000 or more that is located outside of the metropolitan area as defined in section 473.121, subdivision 2; and

(4) the area of the state located outside of the metropolitan area as

defined in section 473.121, subdivision 2.

To the extent possible, the commissioner shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community based approach.

Subd. 5. [APPLICATIONS.] *Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of health. The grant application must include:*

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

(i) utilization rates of community services;

(ii) availability of support systems for families;

(iii) birth weights of newborn babies;

(iv) child accident rates;

(v) utilization rates of prenatal care;

(vi) reported rates of child abuse; and

(vii) rates of health screening and evaluation.

Subd. 6. [MATCH.] *Each dollar of state money must be matched with 50 cents of nonstate money. The pilot project selected under subdivision 4, clause (4), may match state money with in-kind contributions, including volunteer assistance.*

Subd. 7. [ADVISORY COMMITTEES.] *The commissioner shall establish a program advisory committee consisting of persons knowledgeable*

in child development, child and family services, and the needs of people of color and high risk populations; and representatives of the commissioners of health and education. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Subd. 8. [REPORT.] *The commissioner of health shall provide a biennial report to the legislature on the program administration and the activities of projects funded under this section.*

Sec. 4. [APPROPRIATION; WAY TO GROW/SCHOOL READINESS PROGRAM.]

$1,250,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of health for the way to grow/school readiness program.

Sec. 5. [APPROPRIATION; COMMUNITY DEVELOPMENT PROGRAM.]

$1,250,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of trade and economic development for the community and neighborhood development organization program. The approved complement of the department of trade and economic development is increased by two positions.

ARTICLE 6

NEIGHBORHOOD REVITALIZATION PROGRAM

Section 1. Minnesota Statutes 1988, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION; USE; EXCHANGE.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. All parcels of land becoming the property of the state in trust under the provisions of any law now existing or hereafter enacted declaring the forfeiture of lands to the state for taxes, shall be classified by the county board of the county wherein such parcels lie as conservation or nonconservation. Such classification shall be made with consideration, among other things, to the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. Such classification, furthermore, shall aid: to encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; to facilitate reduction of governmental expenditures; to conserve and develop the natural resources; and to foster and develop agriculture and other industries in the districts and places best suited thereto.

In making such classification the county board may make use of such data and information as may be made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing information pertinent thereto at the time such classification is

made. Such lands may be reclassified from time to time as the county board may deem necessary or desirable, except as to conservation lands held by the state free from any trust in favor of any taxing district.

If any such lands are located within the boundaries of any organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale shall first be approved by the town board of such town or the governing body of such municipality insofar as the lands located therein are concerned. The town board of the town or the governing body of the municipality will be deemed to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it shall, within 90 days of the request for classification or reclassification and sale, file a written application with the county board to withhold the parcel from public sale. The county board shall then withhold the parcel from public sale for one year.

Any tax-forfeited lands may be sold by the county board to any organized or incorporated governmental subdivision of the state for any public purpose for which such subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts upon application of any state agency for any authorized use at not less than their value as determined by the county board. The commissioner of revenue ~~shall have power to~~ *may* convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to any governmental subdivision for any authorized public use, provided that an application ~~therefor shall be~~ *is* submitted to the commissioner with a statement of facts as to the use to be made of ~~such~~ *the* tract and the need therefor and the recommendation of the county board. *The commissioner of revenue shall convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the county board. The application must include a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property.* The deed of conveyance shall be upon a form approved by the attorney general and shall be conditioned upon continued use for the purpose stated in the application, provided, however, that if the governing body of such governmental subdivision by resolution determines that some other public use shall be made of such lands, and such change of use is approved by the county board and an application for such change of use is made to, and approved by, the commissioner, such changed use may be made of such lands without the necessity of the governing body conveying the lands back to the state and securing a new conveyance from the state to the governmental subdivision for such new public use.

Whenever any governmental subdivision to which any tax-forfeited land has been conveyed for a specified public use as provided in this section shall fail to put such land to such use, or to some other authorized public use as provided herein, or shall abandon such use, the governing body of the subdivision shall authorize the proper officers to convey the same, or

such portion thereof not required for an authorized public use, to the state of Minnesota, and such officers shall execute a deed of such conveyance forthwith, which conveyance shall be subject to the approval of the commissioner and in form approved by the attorney general, provided, however, that a sale, lease, transfer or other conveyance of such lands by a housing and redevelopment authority, *a port authority, an economic development authority, or a city* as authorized by ~~sections 469.001 to 469.047~~ *chapter 469 or by sections 12 to 20* shall not be an abandonment of such use and such lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, *a port authority, an economic development authority, or a city* referring to a conveyance by it and stating that the conveyance has been made as authorized by ~~sections 469.001 to 469.047~~ *chapter 469 or by sections 12 to 20* may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by this subdivision will then terminate. No vote of the people shall be required for such conveyance. In case any such land shall not be so conveyed to the state, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the same to have reverted to the state, and shall serve a notice thereof, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned, provided, that no declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put such land to such use or from the date of abandonment of such use if such lands have been put to such use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service as herein required. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy thereof by certified mail to the commissioner of revenue, and filing a copy thereof for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as herein provided, the declaration of reversion shall be final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Any city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use pursuant to the terms of this section, may convey said land in exchange for other land of substantially equal worth located in said city of the first class, provided that the land conveyed to said city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, in exchange shall be subject to the public use and reversionary provisions of this section; the tax-forfeited land so conveyed shall thereafter be free and discharged from the public use and reversionary provisions of this section, provided that said exchange shall in no way affect the mineral or mineral rights of the state of Minnesota, if any, in the lands so exchanged.

Sec. 2. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 12. [LOAN.] *"Loan" means (1) for single family housing, any loan, mortgage, or other form of owner financing; and (2) for multifamily*

housing developments which are rental property, any loan, mortgage, financing lease, or revenue agreement.

Sec. 3. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 13. [REVENUE AGREEMENT] *"Revenue agreement" has the meaning given that term in section 469.153, subdivision 10.*

Sec. 4. Minnesota Statutes 1988, section 462C.05, is amended by adding a subdivision to read:

Subd. 8. [REVENUE AGREEMENT AND FINANCING LEASE.] *Any revenue agreement or financing lease which includes a provision for a conveyance of real estate to the lessee or contracting party may be terminated in accordance with the revenue agreement or financing lease, notwithstanding that the revenue agreement or financing lease may constitute an equitable mortgage. No financing lease of any development is subject to section 504.02, unless expressly so provided in the financing lease. Leases of specific dwelling units in the development to tenants are not affected by this subdivision.*

Sec. 5. Minnesota Statutes 1988, section 463.15, subdivision 3, is amended to read:

Subd. 3. [HAZARDOUS BUILDING *OR HAZARDOUS PROPERTY.*] "Hazardous building *or hazardous property*" means any building *or property,* which because of inadequate maintenance, dilapidation, physical damage, unsanitary condition, or abandonment, constitutes a fire hazard or a hazard to public safety or health.

Sec. 6. Minnesota Statutes 1988, section 463.15, subdivision 4, is amended to read:

Subd. 4. [OWNER, OWNER OF RECORD, AND LIEN HOLDER OF RECORD.] "Owner," "owner of record," and "lien holder of record" means a person having a right or interest in property ~~to which Laws 1967, chapter 324, applies~~ *described in subdivision 3* and evidence of which is filed and recorded in the office of the county recorder or registrar of titles in the county in which the property is situated.

Sec. 7. Minnesota Statutes 1988, section 463.16, is amended to read:

463.16 [REPAIR OR REMOVAL OF HAZARDOUS BUILDING; *HAZARDOUS PROPERTY CONDITIONS.*]

The governing body of any city or town may order the owner of any hazardous building *or property* within the municipality to correct *or remove* the hazardous condition of ~~such~~ *the* building *or property* or to raze or remove the ~~same~~ *building.*

Sec. 8. Minnesota Statutes 1988, section 463.161, is amended to read:

463.161 [ABATEMENT.]

In the manner prescribed in section 463.21 the governing body of any city or town may correct *or remove* the hazardous condition of any hazardous building or ~~parcel of real estate~~ *property*; the cost of which shall be charged against the real estate as provided in section 463.21 except the governing body may provide that the cost so assessed may be paid in not to exceed five equal annual installments with interest therein, at eight percent per annum.

Sec. 9. Minnesota Statutes 1988, section 463.17, is amended to read:

463.17 [THE ORDER.]

Subdivision 1. [CONTENTS.] The order shall be in writing; recite the grounds therefor; specify the necessary repairs, if any, and provide a reasonable time for compliance; and shall state that a motion for summary enforcement of the order will be made to the district court of the county in which the hazardous building *or property* is situated unless corrective action is taken, or unless an answer is filed within the time specified in section 463.18.

Subd. 2. [SERVICE.] The order shall be served upon the owner of record, or the owner's agent if an agent is in charge of the building *or property*, and upon the occupying tenant, if there is one, and upon all lien holders of record, in the manner provided for service of a summons in a civil action. If the owner cannot be found, the order shall be served upon the owner by posting it at the main entrance to the building *or, if there is no building, in a conspicuous place on the property,* and by four weeks' publication in the official newspaper of the municipality if it has one, otherwise in a legal newspaper in the county.

Subd. 3. [FILING.] A copy of the order with proof of service shall be filed with the court administrator of district court of the county in which the hazardous building *or property* is located not less than five days prior to the filing of a motion pursuant to section 463.19 to enforce the order. At the time of filing such order the municipality shall file for record with the county recorder or registrar of titles a notice of the pendency of the proceeding, describing with reasonable certainty the lands affected and the nature of the order. If the proceeding be abandoned the municipality shall within ten days thereafter file with the county recorder a notice to that effect.

Sec. 10. Minnesota Statutes 1988, section 463.20, is amended to read:

463.20 [CONTESTED CASES.]

If an answer is filed and served as provided in section 463.18, further proceedings in the action shall be governed by the rules of civil procedure for the district courts, except that the action has priority over all pending civil actions and shall be tried forthwith. If the order is sustained following the trial, the court shall enter judgment and shall fix a time after which the building ~~shall~~ *must* be destroyed or repaired *or the hazardous condition removed or corrected*, as the case may be, in compliance with the order as originally filed or modified by the court. If the order is not sustained, it shall be annulled and set aside. The court administrator of the court shall cause a copy of the judgment to be mailed forthwith to the persons upon whom the original order was served.

Sec. 11. Minnesota Statutes 1988, section 463.22, is amended to read:

463.22 [STATEMENT OF MONEYS RECEIVED.]

The municipality shall keep an accurate account of the expenses incurred in carrying out the order and of all other expenses theretofore incurred in connection with its enforcement, including specifically, but not exclusively, filing fees, service fees, publication fees, attorney's fees, appraisers' fees, witness fees, including expert witness fees, and traveling expenses incurred by the municipality from the time the order was originally made, and shall credit thereon the amount, if any, received from the sale of the salvage, or

building or structure, and shall report its action under the order, with a statement of moneys received and expenses incurred to the court for approval and allowance. Thereupon the court shall examine, correct, if necessary, and allow the expense account, and, if the amount received from the sale of the salvage, or of the building or structure, does not equal or exceed the amount of expenses as allowed, the court shall by its judgment certify the deficiency in the amount so allowed to the municipal clerk for collection. The owner or other party in interest shall pay the same, without penalty added thereon, and in default of payment by October 1, the clerk shall certify the amount of the expense to the county auditor for entry on the tax lists of the county as a special charge against the real estate on which the building *or hazardous condition* is or was situated and the same shall be collected in the same manner as other taxes and the amount so collected shall be paid into the municipal treasury. If the amount received for the sale of the salvage or of the building or structure exceeds the expense incurred by the municipality as allowed by the court, and if there are no delinquent taxes, the court shall direct the payment of the surplus to the owner or the payment of the same into court, as provided in sections 463.15 to 463.26. If there are delinquent taxes against the property, the court shall direct the payment of the surplus to the county treasurer to be applied on such taxes.

Sec. 12. [469.201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 12 to 20.*

Subd. 2. [CITY.] *"City" means a city of the first class as defined in section 410.01. For each city, a port authority, housing and redevelopment authority, or other agency or instrumentality, the jurisdiction of which is the territory of the city, is included within the meaning of city.*

Subd. 3. [CITY COUNCIL.] *"City council" means the city council of a city as defined in subdivision 2.*

Subd. 4. [CITY MATCHING MONEY.] *(a) "City matching money" means the money of a city specified in a revitalization program. The sources of city matching money may include:*

(1) money from the general fund or a special fund of a city used to implement a revitalization program;

(2) money paid or repaid to a city from the proceeds of a grant that a city has received from the federal government, a profit or nonprofit corporation, or another entity or individual, that is to be used to implement a revitalization program;

(3) tax increments received by a city under sections 469.174 to 469.179 or other law, if eligible, to be spent in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, leases, or loans to a profit or nonprofit corporation or other entity or individual, in connection with the implementation of a revitalization program;

(5) city money to be used to acquire, install, reinstall, repair, or improve the infrastructure facilities of a targeted neighborhood;

(6) money contributed by a city to pay issuance costs, fund bond reserves,

or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

(7) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a revitalization program;

(8) money derived from the apportionment to the city under section 162.14 or by special law, and expended in a targeted neighborhood for an activity related to the revitalization program;

(9) administrative expenses of the city that are incurred in connection with the planning, implementation, or reporting requirements of sections 12 to 20.

(b) City matching money does not include:

(1) city money used to provide a service or to exercise a function that is ordinarily provided throughout the city, unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of bonds issued by the city under chapter 462C or 469 and payable solely from repayments made by one or more nongovernmental persons in consideration for the financing provided by the bonds; or

(3) money given by the state to fund any part of the revitalization program.

Subd. 5. [COMMISSIONER.] *"Commissioner" means the commissioner of trade and economic development.*

Subd. 6. [HOUSING ACTIVITIES.] *"Housing activities" include any work or undertaking to provide housing and related services and amenities primarily for persons and families of low or moderate income. This work or undertaking may include the planning of buildings and improvements; the acquisition of real property which may be needed immediately or in the future for housing purposes and the demolition of any existing improvements; and the construction, reconstruction, alteration, and repair of new and existing buildings. Housing activities also include the provision of a housing rehabilitation and energy improvement loan and grant program with respect to any residential property located within the targeted neighborhood, the cost of relocation relating to acquiring property for housing activities, and programs authorized by chapter 462C.*

Subd. 7. [LOST UNIT.] *"Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, or converted to a nonresidential use, or because the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months before the start of rehabilitation.*

Subd. 8. [PERSONS AND FAMILIES OF LOW INCOME.] *"Persons and families of low income" means persons and families of low income as defined in section 469.002, subdivision 17.*

Subd. 9. [PERSONS AND FAMILIES OF MODERATE INCOME.] *"Persons and families of moderate income" means persons and families of moderate income as defined in section 469.002, subdivision 18.*

Subd. 10. [TARGETED NEIGHBORHOOD.] *"Targeted neighborhood"*

means an area including one or more census tracts, as determined and measured by the Bureau of Census of the United States Department of Commerce, that a city council determines in a resolution adopted under section 13, subdivision 1, meets the criteria of section 13, subdivision 2, and any additional area designated under section 13, subdivision 3.

Subd. 11. [TARGETED NEIGHBORHOOD MONEY.] *"Targeted neighborhood money" means the money designated in the revitalization program to be used to implement the revitalization program.*

Subd. 12. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] *"Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 14.*

Sec. 13. [469.202] [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] *A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements in subdivision 2 or 3.*

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] *An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three criteria:*

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this paragraph if 25 percent or more of the residential dwelling units are in substandard condition as determined by the city, or if 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] *(a) A city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" has the meaning determined by the city; or*

(b) The city may enlarge the targeted neighborhood to include portions of a census tract that is contiguous to a targeted neighborhood, provided that the city council first determines the additional area satisfies two of the three criteria in subdivision 2.

Sec. 14. [469.203] [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1. [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] *For each targeted neighborhood for which a city requests state financial assistance under section 15, the city must*

prepare a comprehensive revitalization and financing program that includes the following:

(1) the revitalization objectives of the city for the targeted neighborhood;

(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low- and moderate-income families, will alleviate the blighted condition of the targeted neighborhood, or will otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur; and

(5) a financing program and budget that identifies the financial resources necessary to implement the revitalization program, including:

(i) the estimated total cost to implement the revitalization program;

(ii) the estimated cost to implement each activity in the revitalization program identified in clause (2);

(iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 15 to implement the revitalization program, including the amount of private investment expected to result from the use of public money in the targeted neighborhood;

(iv) the estimated amount of the appropriation available under section 15 that will be necessary to implement the revitalization program;

(v) a description of the activities identified in the revitalization program for which the state appropriation will be committed or spent; and

(vi) a statement of how the city intends to meet the requirement for a financial contribution from city matching money in accordance with section 15, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN REVITALIZATION PROGRAM DEVELOPMENT.] *A city requesting state financial assistance under section 15 shall develop a process to involve the residents of the targeted neighborhood in the development, drafting, and implementation of the revitalization program. The process shall include the establishment of an advisory board as defined in subdivision 3 or the use of a citizen participation process established by the city. The process to involve residents of the targeted neighborhood must include at least one public hearing. A description of the process must be included in the revitalization program.*

Subd. 3. [ADVISORY BOARD.] *The governing body of a city requesting state financial assistance under section 15 may establish a nine-member advisory board to assist the city in implementing the revitalization program. The advisory board shall consist of two city council members appointed by the city council, one county commissioner appointed by the county board of the county in which the city is located, two legislators appointed by the city legislative delegation, and four residents who reside in a targeted neighborhood appointed by the city council. The advisory board*

shall advise the city on the preparation of the revitalization program, including the conversion from absent-owner rental housing to home ownership, the promotion of commercial and industrial growth in targeted neighborhoods, the integration of human service programs, and the redevelopment in targeted neighborhoods.

Subd. 4. [PRELIMINARY CITY REVIEW; STATE AGENCY REVIEW.] *Before adoption of a revitalization program under subdivision 5, a city must submit a draft program to the commissioner, the Minnesota housing finance agency, and the state planning agency for their comments. The city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.*

Subd. 5. [CITY APPROVAL.] *A city may adopt a revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing.*

Subd. 6. [PROGRAM CERTIFICATION.] *A certification by a city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency and the state planning agency.*

Subd. 7. [REVITALIZATION PROGRAM MODIFICATION.] *A revitalization program may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under subdivision 6, it must implement the revitalization program approval and certification process of subdivisions 2 to 6 for the proposed modification.*

Sec. 15. [469.204] [PAYMENT; CITY MATCHING MONEY; DRAWDOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] *Upon receipt from a city of a certification that a revitalization program has been adopted or modified, the commissioner shall, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use in sections 12 to 20.*

Subd. 2. [ALLOCATION.] *Each city of the first class, as defined in section 410.01, may receive a part of the appropriations made available that is the proportion that the population of such city bears to the combined population of such cities of the first class. One city may agree to reduce its entitlement amount and to make it available to another city. For the purposes of this subdivision the population of each city is determined*

according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching money is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING MONEY; DRAWDOWN AND RESTRICTION ON USE OF STATE MONEY.] *A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to the state appropriation paid to the city. A city must keep the state money in a segregated fund for accounting purposes.*

Sec. 16. [469.205] [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] *A city may exercise any of its corporate powers within a targeted neighborhood. Those powers shall include, but not be limited to, all of the powers enumerated and granted to any city by chapters 462C, 469, and 474A. For the purposes of sections 469.048 to 469.068, a targeted neighborhood is considered an industrial development district. A city may exercise the powers of chapters 469.048 to 469.068 in conjunction with, and in addition to, exercising the powers granted by sections 469.001 to 469.047 and chapter 462C, in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."*

Subd. 2. [GRANTS AND LOANS.] *In addition to the authority granted by other law, a city may make grants, loans, and other forms of public assistance to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The public assistance must contain the terms the city considers proper to implement a revitalization program.*

Subd. 3. [ADDITIONAL AUTHORITY.] *In addition to the authority granted in subdivisions 1, 2, and 3, a city may expend up to ten percent of its targeted neighborhood money to fund the cost of implementing the provisions of sections 463.15 to 463.26 in areas of the city located outside the targeted neighborhood. If the city uses funds for such purposes, it must describe the use of the funds in the revitalization program.*

Subd. 4. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.] *The city may spend targeted neighborhood money for any purpose authorized by subdivision 1, 2, or 3, except that an amount equal to at least 50 percent of the state payment under section 15 made to the city must be used for housing activities. Use of target neighborhood money must be authorized in a revitalization program.*

Sec. 17. [469.206] [HAZARDOUS PROPERTY PENALTY.]

A city may assess a penalty up to one percent of the market value of real property, including any building located within the city that the city determines to be hazardous as defined in section 463.15, subdivision 3. The city shall send a written notice to the address to which the property tax statement is sent at least 90 days before it may assess the penalty. If the owner of the property has not paid the penalty and fixed the property

within 90 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to Minnesota Statutes, chapters 279, 280, and 281, in the same manner as delinquent property taxes.

Sec. 18. [469.207] [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] *In 1989 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 12 to 20. Before spending state money to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, the state planning agency, and the Minnesota housing finance agency.*

Subd. 2. [ANNUAL REPORT.] *A city that begins to implement a revitalization program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 14, subdivision 1, clause (4), are being achieved. The report must include at least the following:*

(1) the number of housing units, including lost units, removed, created, lost, replaced, relocated, and assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report;

(2) the number and type of commercial establishments removed, created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full-time or part-time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments;

(3) a description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created for each $20,000 of money spent on commercial projects and applicable public improvement projects;

(4) the increase in the tax capacity for the city as a result of the assistance to commercial and housing assistance; and

(5) the amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, the state planning agency, and the legislative audit commission, and must be available to the public.

Sec. 19. [APPROPRIATION; DISTRIBUTION.]

$10,000,000 is appropriated from the general fund to the commissioner of trade and economic development for payment to the cities referred to in section 15, subdivision 2. $5,000,000 is for fiscal year 1989 and $5,000,000 is for fiscal year 1990.

Sec. 20. [REPEALER.]

Laws 1987, chapter 386, article 6, sections 4, 5, 6, 7, 8, 9, 10 and 11, and Laws 1987, chapter 384, article 3, section 22, are repealed, provided that actions taken under those provisions prior to the effective date of this chapter with respect to any program or to a targeted neighborhood are ratified and affirmed and must be treated as if validly taken under the provisions of sections 12 to 18.

Sec. 21. [EFFECTIVE DATE.]

Sections 12 to 18 and 20 are effective the day after final enactment, provided that the provisions of sections 12 to 15 and 16, subdivisions 2 and 4, shall not apply to any program funded by the state in fiscal year 1988."

Delete the title and insert:

"A bill for an act relating to housing; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing a rent escrow system; providing mandatory building repair fines; authorizing a housing calendar consolidation pilot project in Hennepin and Ramsey counties; requiring housing impact statements; revising certain housing receivership provisions; providing a limited right of entry to secure vacant or unoccupied buildings; providing for city housing rehabilitation loan programs; establishing the community and neighborhood development organization program; establishing a child development program; authorizing a neighborhood revitalization program; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 4.071; 282.01, subdivision 1; 462A.03, by adding a subdivision; 462A.05, subdivision 27, and by adding subdivisions; 462A.21, subdivisions 4k, 12, and by adding subdivisions; 462C.02, by adding subdivisions; 462C.05, by adding a subdivision; 463.15, subdivisions 3 and 4; 463.16; 463.161; 463.17; 463.20; 463.21; 463.22; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 582.03; Laws 1971, chapter 333, as amended, by adding a section; Laws 1974, chapters 285, sections 2, 3, 4, and by adding a section; and 475, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 116J; 129A; 145; 268; 363; 462A; 469; 471; 504; 566; and 582; repealing Laws 1974, chapter 351, sections 1 to 4, as amended; Laws 1975, chapter 260, sections 1 to 5; and Laws 1987, chapters 384, article 3, section 22; and 386, article 6, sections 4 to 11."

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. 1076: A bill for an act relating to commerce; regulating real estate appraisers; creating the real estate appraiser advisory board; providing for membership, compensation, powers, and duties; providing licensing and education requirements; regulating the issuance, renewal, suspension, and revocation of licenses; providing fees; prescribing penalties; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 82B.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 18, delete lines 5 to 9 and insert:

"*$213,000 is appropriated from the general fund to the commissioner of commerce to administer Minnesota Statutes, chapter 82B. $121,000 is for fiscal year 1990 and $92,000 is for fiscal year 1991. The approved complement of the department of commerce is increased by two positions.*"

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. 470: A bill for an act relating to environment; regulating municipal wastewater treatment funding; amending Minnesota Statutes 1988, sections 116.18, subdivisions 3a and 3b; 446A.02, subdivision 4; 446A.07, subdivision 8; and 446A.12, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115.

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. 536: A bill for an act relating to consumer protection; providing for enhanced civil penalties for deceptive acts targeted at senior citizens or handicapped persons; providing factors a court may consider in determining to impose an enhanced civil penalty; providing that sums collected must be credited to the account of the state board on aging; amending Minnesota Statutes 1988, section 256.975, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 325F.

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. 530: A bill for an act relating to waste management; defining waste reduction; extending the expiration date of waste advisory councils; authorizing counties to designate waste to landfills; requiring financial reports from landfills; clarifying the limits of political subdivision liability for superfund cleanup at landfills; authorizing the pollution control agency to acquire interests in real estate necessary for superfund; authorizing superfund to reimburse political subdivisions for costs incurred in responding to emergency releases of hazardous materials; making claims for injuries due to petroleum contamination eligible for compensation by the harmful substance compensation fund; authorizing transfer of money from the petroleum tank release cleanup fund; altering the metropolitan council's authority for solid waste planning; raising the solid waste disposal fee in the metropolitan area; clarifying the 1990 ban on disposal of unprocessed waste in the metropolitan area; extending the date until which metalcasters are not liable for payment of solid waste generator fees; requiring a study of solid waste management district legislation; amending Minnesota Statutes 1988, sections 115A.01; 115A.02; 115A.03, by adding a subdivision; 115A.12, subdivision 1; 115A.14, subdivision 2; 115A.46, subdivision 2; 115A.80; 115A.81, subdivision 2; 115A.83; 115A.84; 115A.85, subdivision 2; 115A.86, subdivisions 3 and 5; 115A.893; 115A.906, by adding a

subdivision; 115A.919; 115A.921; 115A.94, by adding subdivisions; 115B.04, subdivision 4; 115B.17, by adding a subdivision; 115B.20, subdivision 2; 115B.25, subdivisions 1, 2, 7, and by adding subdivisions; 115B.26; 115B.27, subdivision 1; 115B.28, subdivision 2; 115B.29, subdivision 1; 115B.30, subdivision 3; 115B.34, subdivision 2; 115C.08, subdivision 4, and by adding a subdivision; 116.07, by adding a subdivision; 466.04, subdivision 1; 473.149, subdivisions 2d and 2e, and by adding a subdivision; 473.803, by adding a subdivision; 473.811, subdivision 1a; 473.823, subdivisions 3 and 6; 473.831, subdivision 2; 473.833, subdivision 2a; 473.840, subdivision 2; 473.843, subdivisions 1 and 2; 473.844, subdivision 1a; 473.8441, subdivision 5; 473.845, subdivisions 1 and 2; and 473.848; Laws 1984, chapter 644, section 85, as amended; proposing coding for new law in Minnesota Statutes, chapters 115A and 473; repealing Minnesota Statutes 1988, sections 115A.98; 115B.29, subdivision 2; 473.149, subdivision 2b; 473.803, subdivision 1a; and 473.806.

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

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

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

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

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

S.F. No. 368: A bill for an act relating to elections; changing provisions relating to candidate reporting requirements and disbursements; modifying lobbyist reporting requirements; providing for the payment of election campaign bills; prohibiting certain types of campaign contributions; authorizing the termination of political committees and funds under certain conditions; authorizing the transfer of committee funds and debts; increasing the maximum amount of contributions to legislative candidates; clarifying and modifying certain exceptions to multicandidate political party expenditure limits; providing a public subsidy for legislative candidates in special elections; clarifying when public money must be returned; making technical corrections to chapter 10A; discontinuing the state ethical practices board responsibility for developing and furnishing certain forms; limiting campaign expenditures by congressional candidates who choose to receive a public subsidy for their campaigns; making related changes in the ethics in government act; imposing penalties; amending Minnesota Statutes 1988, sections 10A.01, subdivisions 7, 10, 10b, 10c, 15, and by adding subdivisions; 10A.04, subdivisions 2 and 4a; 10A.18; 10A.19, by adding subdivisions; 10A.20, subdivision 5; 10A.22, subdivision 7, and by adding a subdivision; 10A.24; 10A.241; 10A.25, subdivisions 2, 3, 5, 10, and by adding subdivisions; 10A.255; 10A.27, subdivision 1, and by adding a subdivision; 10A.275; 10A.28; 10A.30, subdivision 2; 10A.31, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, and by adding subdivisions; 10A.32, subdivision 3; 10A.33; 10A.335; 211A.07; 211B.15, subdivision 2; 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes,

chapter 10A; repealing Minnesota Statutes 1988, sections 10A.27, subdivision 5; and 10A.32.

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

Page 22, line 27, delete the second "*1992*" and insert "*1994*"

Page 34, delete lines 12 and 13

Page 36, line 20, after "*that*" insert "*(a)*"

Page 36, line 24, after "*10A.255*" insert ", *and that (b) except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding $15,000, the candidate shall not accept contributions or allow approved expenditures to be made on the candidate's behalf for the period beginning with January 1 of the election year or with the registration of the candidate's principal campaign committee, whichever occurs later, and ending December 31 of the election year, that exceed the difference between the amount that may legally be expended by or for the candidate, and the amount that the candidate receives from the state elections campaign fund. Money in the account of the principal campaign committee of a candidate on January 1 of the election year for the office held or sought shall be considered contributions accepted by that candidate in that year for the purposes of this subdivision. That amount of all contributions accepted by a candidate in an election year that equals the amount of noncampaign disbursements and contributions and expenditures to promote or defeat a ballot question which are made by that candidate in that year shall not count toward the aggregate contributions and approved expenditure limit imposed by this subdivision. Except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding $15,000, any amount by which the aggregate contributions and approved expenditures agreed to exceed the difference shall be returned to the state treasurer. In no case shall the amount returned exceed the amount received from the state elections campaign fund*"

Page 40, line 12, after "*to*" insert "*18 and 22 to*"

Page 40, line 13, after the period, insert "*Sections 19 to 21 are effective for taxable years beginning after December 31, 1988.*"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 522, 1076, 470, 536 and 530 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 786 was read the second time.

MOTIONS AND RESOLUTIONS

Mr. Frederickson, D.J. moved that the name of Mr. DeCramer be added as a co-author to S.F. No. 594. The motion prevailed.

Mr. Morse moved that the names of Messrs. Pogemiller and Beckman be added as co-authors to S.F. No. 613. The motion prevailed.

Mr. Solon moved that the names of Messrs. Novak and Johnson, D.J. be added as co-authors to S.F. No. 783. The motion prevailed.

Ms. Berglin moved that the name of Ms. Piper be added as a co-author to S.F. No. 1632. The motion prevailed.

Mr. Beckman moved that S.F. No. 180 be taken from the table. The motion prevailed.

S.F. No. 180: A bill for an act relating to the office of the secretary of state; establishing a procedure for contesting the registration of a corporation, limited partnership, or assumed name, or a trade or service mark with the secretary of state; providing that the office of the secretary of state is not liable for registrations; amending Minnesota Statutes 1988, sections 300.025; 302A.115, by adding a subdivision; 303.05, by adding a subdivision; 308.06, by adding a subdivision; 317.09, by adding a subdivision; 322A.02; 322A.72; 1989 S.F. No. 525, section 12, by adding a subdivision; S.F. No. 848, article 1, section 8, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 5.

Mr. Beckman moved that the Senate do not concur in the amendments by the House to S.F. No. 180, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

RECESS

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

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

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 180: Messrs. Beckman; Frederickson, D.J. and Ms. Piper.

H.F. No. 1267: Messrs. Frank, Merriam and Peterson, R.W.

H.F. No. 1530: Messrs. Schmitz, Taylor and Frederickson, D.J.

H.F. No. 1423: Mrs. Lantry, Ms. Berglin and Mrs. Brataas.

H.F. No. 700: Ms. Berglin, Messrs. Spear and Knutson.

H.F. No. 1435: Messrs. Anderson; Frederickson, D.J. and Berg.

H.F. No. 729: Messrs. Spear, Luther, Cohen, Stumpf and Laidig.

H.F. No. 654: Mr. Peterson, R.W.; Ms. Peterson, D.C.; Messrs. Pehler, DeCramer and Hughes.

H.F. No. 472: Messrs. Purfeerst, Frederick and DeCramer.

H.F. No. 831: Messrs. Vickerman, Lessard and Laidig.

H.F. No. 1506: Messrs. Solon, Metzen and Anderson.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that the following Protest and Dissent be printed in the Journal. The motion prevailed.

PROTEST AND DISSENT

The undersigned members of the Senate dissent and protest the actions of the Chairman of the Committee of the Whole and the Senate majority caucus relative to the Gustafson amendment to Senate File 775 for the following reasons:

1. In clear violation of the accepted and stated practices of the Minnesota Senate and contrary to the spirit of the rules of the Minnesota Senate for the 76th Legislature regarding the question of germaneness, the Chairman ruled that an amendment, whose subject was workers' compensation, to Senate File 775, whose subject was workers' compensation, was not germane. The judgement of the chair was upheld by the majority caucus.

This judgement was in direct contradiction to the language of Rule 37, which defines a non-germane amendment as "one that relates to a substantially different subject." It is difficult to conceive a bill to which this amendment would be germane if it is not germane to Senate File 775.

2. This ruling also ignores several precedents where similar amendments have been held to be germane, even where the subject matter was less related than it was in this instance. When members of the Senate are unable to find consistency in the rulings of the chair, the legislative process is disrupted.

3. This ruling appears to be motivated less by concern for parliamentary procedure than a desire to avoid discussion of workers' compensation reform. It is an effort to silence members of the minority and prevent the Senate from even considering minority proposals.

4. The undersigned members dissent and protest this disregard for the democratic process, the violation of standards of free and open debate and the violation of the constitutional rights of the constituents of minority members to fair and equitable representation in the legislative process.

Legislative Bodies are governed by constitutional restraints, by law and by their own rules and precedents. We the undersigned believe the actions of the Chairman of the Committee of the Whole of the Minnesota Senate and the Senate majority caucus violate the spirit and the letter of the Permanent Rules of the Senate, as well as established precedents.

We wish to make these actions and our dissent to them a matter of public record to be called to the attention of the people of Minnesota. For these reasons, this protest and dissent is entered upon the pages of the Senate Journal.

Dated: May 10, 1989

Duane Benson
Fritz Knaak
Howard A. Knutson
Bob Decker
Cal Larson
Dennis Frederickson
Pat Pariseau
Lyle Mehrkens
Phyllis McQuaid
Jim Ramstad
Glen Taylor
Don Storm

Gen Olson
Mel Frederick
Earl Renneke
John Bernhagen
Gary Laidig
Don Anderson
Dean E. Johnson
Patrick D. McGowan
James Gustafson

MEMBERS EXCUSED

Mr. Anderson was excused from the Session of today from 12:00 noon to 2:45 p.m. Mr. Beckman was excused from the Session of today from 12:00 noon to 2:00 p.m. Mr. McGowan was excused from the Session of today from 12:30 to 1:00 p.m. Mr. Pogemiller was excused from the Session of today from 12:00 noon to 1:05 p.m. Ms. Reichgott was excused from the Session of today from 12:30 to 1:00 p.m. Mr. Dahl was excused from the Session of today at 3:30 p.m. Mr. Belanger was excused from the Session of today at 4:45 p.m. Mr. Hughes was excused from the Session of today at 5:00 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Thursday, May 11, 1989. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate