

THIRD DAY

St. Paul, Minnesota, Friday, September 29, 1989

The Senate met at 9:30 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by Senator Dean E. Johnson.

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

Adkins	Decker	Knutson	Moe, D.M.	Renneke
Anderson	DeCramer	Kroening	Moe, R.D.	Samuelson
Beckman	Dicklich	Laidig	Morse	Schmitz
Belanger	Diessner	Langseth	Novak	Solon
Benson	Frank	Lantry	Olson	Spear
Berg	Frederick	Larson	Pariseau	Storm
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	
Davis	Knaak	Metzen	Reichgott	

The President declared a quorum present.

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

MEMBERS EXCUSED

Ms. Berglin was excused from the Session of today.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1 and 2.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted September 28, 1989

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 1: A bill for an act relating to the financing and operation of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; allowing certain units of local governments to impose taxes; changing tax increment financing provisions; providing a special levy for the city of Bayport and Goodhue county; providing that the state will be supplier of gambling equipment; authorizing establishment of an economic development authority in the city of Otsego and in Kandiyohi county; exempting Itasca county from a levy limit penalty and authorizing a special levy; modifying the levy authority of the Red River watershed management district; authorizing an appropriation by Aitkin county; providing for payment of certain aid to the cities of Falcon Heights and Lauderdale; extending the duration of tax increment financing districts in the cities of Moorhead and Chanhassen; exempting a redevelopment district in the city of Minneapolis from certain requirements; granting certain powers to towns; modifying certain bond allocation procedures; requiring studies of state and local finance issues; requiring the governor to recommend spending reductions; setting the amount of the budget reserve; establishing plans and programs to reduce waste generated, recycle waste, develop markets for recyclables, address materials that cause special problems in the waste stream, prevent, control, and abate litter, inform and educate the public on proper waste management; requiring a mechanism to fund certain mental health services; providing procedures for allocating costs of certain human services between the state and county agencies; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 3.885, subdivisions 3, 5, and by adding subdivisions; 3.982; 6.62, subdivision 1; 10A.31, subdivision 5; 16A.15, subdivision 6; 18.023, subdivision 8; 60A.14, subdivision 1; 60A.15, subdivision 1; 60A.19, subdivision 6; 110B.15, subdivision 4; 115.34, subdivision 1; 115A.03, subdivision 25a, and by adding subdivisions; 115A.072; 115A.15, subdivision 5, and by adding subdivisions; 115A.46, by adding a subdivision; 115A.48, subdivision 3, and by adding a subdivision; 115A.915; 115A.96, subdivision 2, and by adding a subdivision; 116.07, by adding a subdivision; 116K.04, by adding a subdivision; 124.42, subdivisions 1 and 4; 124.83, subdivision 1; 124A.26, subdivision 1; 129A.06, subdivision 2; 145A.08, subdivision 3; 164.041; 256.736, subdivision 13; 256B.091, subdivision 8; 256B.19, subdivision 1, and by adding a subdivision; 256D.03, subdivision 6; 256G.01, subdivision 3; 256G.05; 256G.07; 256G.10; 256G.11; 270.067, subdivisions 1 and 2; 270.11, subdivision 2; 270.12, subdivision 3, and by adding a subdivision; 270.13; 270.18; 270.77; 270.82; 270.84; 270.85; 270.87; 272.02, subdivision 4, and by adding subdivisions; 272.025, subdivision 1; 272.115, subdivision 1; 273.064; 273.065; 273.111, subdivision 4; 273.123, subdivisions 4, 5, and 7; 273.13, subdivisions 21a, 24, 25, 31, and by adding subdivisions; 273.1392; 273.1398, subdivisions 2, 3, and by adding subdivisions; 273.33, subdivision 2; 273.37, subdivision 2; 274.14; 275.065, subdivisions 1, 3, 4, 6, 7, and by adding subdivisions; 275.07, subdivision 1, and by adding a subdivision; 275.08, subdivisions 2 and 3;

275.124; 275.125, subdivision 18; 275.15; 275.16; 275.29; 275.50, subdivision 5; 275.51, subdivisions 3f, 3h, 3i, 3j, 4, 6, and by adding a subdivision; 275.58, subdivisions 2 and 3; 276.01; 276.04, subdivisions 2 and 3; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 277.13; 284.28, subdivisions 4 and 7; 287.29; 290.01, subdivision 29; 290.02; 290.05, subdivisions 1 and 2; 290.06, subdivisions 1, 21, and by adding a subdivision; 290.067, subdivision 2, and by adding a subdivision; 290.091, subdivision 2, and by adding a subdivision; 290.095, subdivision 2, and by adding a subdivision; 290.17, by adding a subdivision; 290.21, subdivision 4; 290.35, subdivisions 1, 4, and by adding a subdivision; 290.37, subdivision 1; 290.38; 290.92, subdivision 21, and by adding a subdivision; 290.934, subdivision 3a; 290A.03, by adding a subdivision; 290A.04, subdivisions 2, 2h, 3, and by adding a subdivision; 290A.07, subdivision 2a; 295.34, subdivision 1; 297A.01, subdivision 3; 297A.02, subdivision 2; 297A.15, subdivision 5, and by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297A.257, subdivision 1; 297A.39, by adding a subdivision; 298.01, by adding subdivisions; 298.28, subdivisions 6 and 12; 298.282, subdivision 3; 298.39; 298.396; 325E.115, subdivision 1; 349.12, subdivision 19, and by adding subdivisions; 349.16, by adding a subdivision; 349.212, subdivisions 1, 2, 4, and by adding a subdivision; 349.2127, subdivision 4, and by adding a subdivision; 353A.10, subdivision 3; 360.037, subdivision 2; 368.01, subdivision 14; 373.40, subdivisions 1 and 2; 375.18, by adding a subdivision; 386.015, subdivision 5; 400.08, by adding a subdivision; 412.221, subdivision 22; 414.01, subdivision 15; 444.075, subdivisions 1 and 4; 444.16; 444.17; 444.18; 444.19; 444.20; 447.34, subdivision 1; 447.35; 465.73; 469.167, subdivision 2; 469.171, subdivision 7, and by adding a subdivision; 469.174, subdivisions 10, 16, 17, and by adding a subdivision; 469.175, by adding a subdivision; 469.176, by adding a subdivision; 469.177, subdivisions 6 and 10; 469.190, subdivisions 2 and 3; 471.572, subdivision 2; 471.74, subdivision 2; 471A.03, subdivision 4; 473.149, subdivision 1; 473.167, subdivision 4; 473.249, subdivision 2; 473.446, subdivision 8; 473.711, subdivision 5; 473.803, subdivision 1; 473.87; 473F05; 473F06; 473F07, subdivisions 1, 2, and 5; 473F08, subdivisions 3, 3a, 5, and by adding a subdivision; 473F09; 473H.10, subdivision 3; 474A.061, subdivisions 1, 2, and 4; 474A.091, subdivisions 2 and 3; 475.74; 475.754; 477A.011, subdivisions 1a, 3, 3a, 20, and by adding subdivisions; 477A.012, by adding subdivisions; 477A.013, subdivision 3, and by adding subdivisions; 477A.014, subdivision 1; 508.75; 508.76; 508.77; 508.78; 508.79; 508.82; 508A.76; 508A.77; 508A.78; 508A.79; 508A.82; Minnesota Statutes 1989 Supplement, sections 16A.1541; 115A.12, subdivision 1; 115A.46, subdivision 2; 121.904, subdivisions 4a and 4e; 124.2131, subdivision 1; 124.243, subdivision 3; 124.244, subdivision 2; 124.83, subdivision 4; 124A.03, subdivision 2; 124A.23, subdivision 1; 256.82, subdivision 1; 256.871, subdivision 6; 256.935, subdivision 1; 256B.041, subdivision 5; 256D.03, subdivision 2; 256D.051, subdivision 6; 256D.36, subdivision 1; 256G.02, subdivision 4; 270.12, subdivision 2; 272.02, subdivision 1; 273.061, subdivision 1; 273.1104, subdivision 2; 273.119, subdivision 2; 273.124, subdivision 6; 273.13, subdivisions 22 and 23; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1398, subdivisions 1, 5, and 6; 275.07, subdivision 3; 275.125, subdivisions 5, 5b, and 9; 275.14; 275.28, subdivision 1; 275.58, subdivision 1; 287.12; 290.01, subdivision 19c; 290.015, subdivisions 3 and 4; 290.05, subdivision 3; 290.06, subdivision 2c; 290.0802, subdivision 1; 290.17, subdivision 2; 290.191, subdivision 6; 290.92, subdivision 4b; 297A.25, subdivisions 11 and 16; 297A.44,

subdivision 1; 298.282, subdivision 2; 349.12, subdivision 11; 349.15; 349.161, subdivision 1; 349.163, subdivision 3; 349.19, subdivision 6; 349.214, subdivision 2; 357.021, subdivision 1a; 373.40, subdivision 6; 412.251; 426.04; 469.033, subdivision 6; 469.174, subdivision 7; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 6; 469.190, subdivision 1; 471.1921; 473.882, subdivision 3; and 477A.013, subdivision 1; Laws 1976, chapter 162, section 1, as amended; Laws 1986, chapter 399, article 1, section 1; Laws 1987, chapter 268, article 6, section 54, as amended; 1988, chapter 719, article 1, section 22; and article 12, section 29, as amended; Laws 1989, chapter 282, article 5, section 133; chapter 329, article 1, section 17, subdivision 2; article 2, section 8, subdivision 2; and article 5, section 21, subdivisions 2 and 3; and chapter 335, article 3, sections 54, subdivision 8; and 58, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 16B; 115A; 124; 173; 256; 273; 274; 290; 290A; 297A; 325E; 349; 469; and 473; repealing Minnesota Statutes 1988, sections 3.981; 3.983, as amended; 134.34, subdivision 6; 245.775; 270.81, subdivision 5; 273.135, subdivision 2a; 273.1391, subdivision 2a; 275.065, subdivisions 2 and 5; 275.11; 275.50; 275.51; 275.54; 275.55; 275.56; 275.561; 275.58; 290.092, subdivision 5; 290A.04, subdivision 2h; 349.2121, subdivision 4; 471A.04; 477A.011, subdivision 24; 477A.013, subdivision 4.

Mr. Moe, R.D. moved that H.F. No. 1 be laid on the table. The motion prevailed.

H.F. No. 2: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1988, section 580.04, as amended; Laws 1989, chapters 282, article 2, section 85; 304, section 140; 328, article 3, section 13, subdivisions 1 and 4; 335, article 4, section 109, subdivision 1; and 340, article 1, section 17; repealing Laws 1989, chapter 209, article 1, section 6.

Mr. Moe, R.D. moved that H.F. No. 2 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS

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.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 1 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1 and that the rules of the Senate be so far suspended as to give H.F. No. 1 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1 was read the second time.

Mr. Johnson, D.J. moved to amend H.F. No. 1 as follows:

Page 142, line 32, delete "290A.03" and insert "290A.04"

Page 259, line 9, delete "26" and insert "27"

Page 259, line 14, after "28" insert "*., paragraph (a), clause (2)(i), and paragraph (f).*"

Page 259, line 16, after "26," insert "28, *paragraph (a), clause (2)(ii).*"

Page 275, line 17, delete "43" and insert "42"

Page 276, line 14, delete "42" and insert "43"

Page 285, line 1, after "revenue" insert "*., the commissioner of gaming, or the commissioner of public safety*"

Page 288, line 28, strike "subdivision 12."

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. then moved to amend H.F. No. 1 as follows:

Page 91, line 1, after the semicolon, insert "and"

Page 91, line 24, delete "; and" and insert a period

Page 91, delete lines 25 to 35

Pages 124 to 126, delete sections 51 and 52

Renumber the sections of article 5 in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 1. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the amendment.

The roll was called, and there were yeas 35 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Moe, R.D.	Pogemiller
Beckman	Diessner	Langseth	Morse	Purfeerst
Berg	Frank	Lantry	Novak	Reichgott
Brandl	Freeman	Luther	Pehler	Samuelson
Cohen	Hughes	Marty	Peterson, D.C.	Solon
Dahl	Johnson, D.J.	Merriam	Peterson, R.W.	Stumpf
DeCramer	Knutson	Moe, D.M.	Piper	Waldorf

Those who voted in the negative were:

Anderson	Davis	Johnson, D.E.	McQuaid	Renneke
Belanger	Decker	Knaak	Mehrkens	Schmitz
Benson	Frederick	Laidig	Metzen	Storm
Bernhagen	Frederickson, D.J.	Larson	Olson	Taylor
Bertram	Frederickson, D.R.	Lessard	Pariseau	Vickerman
Chmielewski	Gustafson	McGowan	Ramstad	

The motion prevailed. So the amendment was adopted.

Mr. Knutson moved to amend H.F. No. 1 as follows:

Page 95, line 13, after "towns" insert ", except that, for a city that has a population of 10,000 or more and in which the percentage increase in households is three percent or more, the full percentage increase"

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

Mr. Johnson, D.J. moved to amend H.F. No. 1 as follows:

Page 346, after line 5, insert:

"Sec. 22. [REENACTMENT.]

Minnesota Statutes 1988, section 256D.051, subdivision 6a, is reenacted retroactively to July 1, 1989, and its repeal by Laws 1989, chapter 282, article 5, section 133, subdivision 1, is of no effect."

Page 346, line 7, delete "21" and insert "22"

Renumber the sections of article 16 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 1 as follows:

Pages 16 to 27, delete sections 3 to 7 and insert:

"Sec. 3. Minnesota Statutes 1989 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. [Class 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$68,000 of market value of class 1a property has a net ~~tax capacity~~ class rate of ~~one~~ .9 percent of its market value and a gross ~~tax capacity~~ class rate of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed \$100,000 has a ~~tax capacity~~ class rate of ~~2.5~~ 1.8 percent of its market value. The market value of class 1a property that exceeds \$100,000 has a ~~tax capacity~~ class rate of ~~3.3~~ 2.7 percent of its market value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net ~~tax capacity~~ *class rate* of .4 percent of its market value and a gross ~~tax capacity~~ *class rate* of .87 percent of its market value. The remaining market value of class 1b property has a gross or net ~~tax capacity~~ *class rate* using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lake-shore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 225 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, *which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership.* Class 1c property has a ~~tax capacity~~ *class rate* of ~~.9~~ *.4 percent of the first \$32,000 of market value and .8* percent of market value in excess of \$32,000 with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

(d) For taxes levied in 1988, payable in 1989 only, the tax to be paid

on class 1a or class 1b property shall be reduced by 54 percent of the tax imposed on the first \$68,000 of market value. The amount of the reduction shall not exceed \$725.

Sec. 4. Minnesota Statutes 1989 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. [Class 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land that does not exceed \$65,000 has a net tax capacity of .805 percent of market value and a gross tax capacity of 1.75 percent of market value. The excess market value over \$65,000 has a tax capacity of 2.2 percent has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$65,000 \$100,000, the value of the remaining land including improvements equal to the difference between \$65,000 \$100,000 and the market value of the house, garage, and surrounding one acre of land has a net tax capacity class rate of 1.42 .4 percent of market value and a gross tax capacity of 1.75 percent of market value for the first 320 acres of land and the remaining value over 320 acres has a net tax capacity of 1.295 percent of market value and a gross tax capacity class rate of 1.75 percent of market value. The remaining value of class 2a property over the \$65,000 \$100,000 of market value that does not exceed 320 acres has a net tax capacity class rate of 1.44 1.3 percent of market value and a gross tax capacity class rate of 2.25 percent of market value. The remaining property over the \$65,000 \$100,000 market value in excess of 320 acres has a net tax capacity class rate of 1.665 1.5 percent of market value and a gross tax capacity class rate of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net tax capacity class rate of 1.665 1.7 percent of market value for taxes payable in 1990, 1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992 and thereafter, and a gross tax capacity class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in federal farm programs.

(d) Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption if the fish breeding occurs on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes. The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, subdivision 6, clause (2). "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(e) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

- (1) wholesale and retail sales;

- (2) processing of raw agricultural products or other goods;
- (3) warehousing or storage of processed goods; and
- (4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 5. Minnesota Statutes 1988, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial, and industrial, property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a tax capacity class rate of ~~3.3~~ three percent of the first \$100,000 of market value and ~~5.25~~ 4.9 percent of the market value over \$100,000. ~~For taxes payable in 1991, the 5.25 percent rate shall be 5.2 percent and for taxes payable in 1992 and subsequent years the rate shall be 5.15 percent. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a tax capacity 3.3 percent. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a tax capacity of 3.3 percent.~~

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a tax capacity class rate of ~~2.5~~ 2.4 percent of the first \$50,000 of market value and ~~3.5~~ 3.65 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the tax capacity class rate of the first \$100,000 of market value is ~~3.3~~ percent and the tax capacity class rate of the remainder is ~~4.8~~ percent determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 6. Minnesota Statutes 1988, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a ~~tax capacity~~ *class rate* of ~~4.4~~ 3.65 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, *and* recreational, ~~and a structure having five or more stories that is constructed with materials meeting the requirements for type I or H construction as defined in the state building code, 90 percent or more of which is used or is to be used as apartment housing for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date;~~

(2) post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing;

(3) manufactured homes not classified under any other provision;

(4) a dwelling, garage, and surrounding one acre of property on a non-homestead farm classified under subdivision 23, paragraph (b); ~~which has a tax capacity of 2.7 percent of market value.~~

Class 4b property has a ~~tax capacity~~ *class rate* of ~~3.5~~ 3.05 percent of market value; ~~except as provided in clause (4) for taxes payable in 1990, and 3.0 percent of market value for taxes payable in 1991 and thereafter.~~

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, ~~1987~~ 1988; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to buildings the construction or rehabilitation of which began after May 1, 1988, and to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has a ~~tax capacity of 3.5 percent of market value~~ *the class rate given in paragraph (b)* if the structure contains fewer than four units, and ~~4.1 percent of market value~~ *the class rate given in paragraph (a)* if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than ~~200~~ 225 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than ~~200~~ 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in clauses (5) and (6) also includes the remainder of class 1c resorts ~~and has a tax capacity of 2.6 percent of market value~~, except that ~~noncommercial seasonal recreational property has a tax capacity of 2.3 percent of market value~~; and

(6) real property up to a maximum of one acre of land owned by a

nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1986/1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

Class 4c property ~~classified under clauses (1), (2), (3), and (4)~~ has a ~~tax capacity class rate of 2.5~~ 2.4 percent of market value.

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The ~~1.5 percent and 2.5 percent tax capacity assignments apply to the properties described~~ class rates in paragraph (c), clauses (1), (2), and (3) and this clause ~~apply to the properties described in them~~, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a ~~tax capacity class rate of 1.5~~ 1.7 percent of market value for taxes payable in 1990, and two percent of market value for taxes payable thereafter.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); paragraph (c), clauses (1), (2), (3), or (4); or paragraph (d), is assessed at

the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316.

Sec. 7. Minnesota Statutes 1988, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] ~~All property not included in any other class is class 5 property.~~

~~(a)~~ *Class 5 property includes:*

~~(1) tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, have a tax capacity of 4.6 percent of market value;~~

~~(b) (2) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14 have a tax capacity of 5.25 percent of market value;~~

~~(c) (3) vacant land has a tax capacity of 5.25 percent of market value; and~~

~~(d) (4) all other property not otherwise classified has a tax capacity of 5.25 percent of market value.~~

Class 5 property has a class rate of 4.9 percent of market value, except that property described in clause (1) has a class rate of 4.6 percent of market value."

Page 27, line 32, delete "5.06" and insert "4.6 or 4.9"

Page 28, line 3, delete "5.06 percent" and insert "4.6 or 4.9 percent, as applicable"

Page 28, line 17, delete "5.06 percent" and insert "4.6 or 4.9 percent, as applicable"

Page 32, after line 10, insert:

"Sec. 11. [PROPERTY TAX RELIEF TO BENEFIT RENTERS.]

Any property tax reduction realized on rental property, including both residential and business property that is rented, must be reflected in a reduction in the rent charged to the tenant of the property."

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

Pages 145 and 146, delete article 8

Page 224, delete section 14

Page 228, after line 5, insert:

"Sec. 16. Minnesota Statutes 1988, section 290.06, is amended by adding a subdivision to read:

Subd. 23. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] A taxpayer may take a credit against the tax due under this chapter of 50 percent of the taxpayer's contributions to candidates for elective state or federal public office and to any political party. The maximum credit for an individual shall not exceed \$50 and, for a married couple filing jointly, shall not exceed \$100. No credit shall be allowed

under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit campaign expenditures as provided in section 10A.25. For purposes of this subdivision, a political party means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A major or minor party includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. A "federal office" means the office of the president or vice president of the United States or the office of United States senator or member of the United States house of representatives from Minnesota.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue prescribes."

Page 229, after line 21, insert:

"Sec. 20. Minnesota Statutes 1988, section 290.0802, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

Page 275, after line 6, insert:

"Sec. 3. Minnesota Statutes 1988, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, or refining a product to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, or refining facility in the state. Capital equipment does not include (1) ~~machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility;~~ (2) repair or replacement parts, or (3) (2) machinery or equipment used to extract, receive, or store raw materials."

Page 279, after line 18, insert:

"Sec. 12. Minnesota Statutes 1988, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in section 297A.275,~~ On or before the 20th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for willfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such rules as the commissioner may prescribe."

Page 279, after line 31, insert:

"Sec. 14. [REPEALER.]

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

Page 280, line 4, after the period, insert "*Sections 12 and 14 are effective the day after final enactment.*"

Renumber the sections of article 12 in sequence and correct the internal references

Page 280, line 6, delete "LAWFUL" and insert "CHARITABLE"

Pages 281 and 282, delete sections 3 and 4

Page 283, line 7, delete ", 4, and 6" and insert "and 4"

Page 283, delete section 8

Page 285, delete section 12

Pages 286 to 288, delete sections 14 and 15

Page 302, delete sections 27 and 28

Renumber the sections of article 13 in sequence and correct the internal references

Page 363, after line 13, insert:

"Sec. 25. [ADDITIONAL SPENDING REDUCTION RECOMMENDATIONS.]

In addition to the recommendations provided in section 24, the governor shall make recommendations for consideration by the legislature in its

1990 session of at least \$400,000,000 of budget reductions for fiscal year 1991 and at least \$664,000,000 of budget reductions for the 1992-1993 biennium. In making these recommendations, the governor shall first attempt to reduce the budgets of state agencies wherever possible."

Renumber the sections of article 17 in sequence and correct the internal references

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 40, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Mr. Decker moved to amend H.F. No. 1 as follows:

Page 18, line 1, delete "225" and strike "days" and insert " 230 nights"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 38, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Morse	Reichgott
Beckman	Diessner	Lantry	Novak	Samuelson
Berg	Frank	Luther	Pehler	Schmitz
Brandl	Frederickson, D.J.	Marty	Peterson, D.C.	Spear
Cohen	Freeman	Merriam	Peterson, R.W.	Vickerman
Dahl	Hughes	Metzen	Piper	Waldorf
Davis	Johnson, D.J.	Moe, D.M.	Pogemiller	
DeCramer	Kroening	Moe, R.D.	Purfeerst	

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

Mr. Frederickson, D.R. moved to amend H.F. No. 1 as follows:

Page 40, delete section 6

Renumber the sections of article 3 in sequence and correct the internal

references

Amend the title accordingly

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

Mr. Laidig moved to amend H.F. No. 1 as follows:

Page 208, lines 11 to 17, reinstate the stricken language and delete the new language

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

Mr. Knaak moved to amend H.F. No. 1 as follows:

Page 363, after line 13, insert:

“Sec. 25. [3.055] [OPEN MEETING LAW APPLIES TO LEGISLATURE.]

The open meeting law, section 471.705, applies to the legislature including the senate sessions, house of representatives sessions, and meetings of standing committees, special committees, divisions, subcommittees, conference committees, and commissions.”

Page 364, line 18, after the period, insert “Section 25 is effective the day following final enactment.”

Renumber the sections of article 17 in sequence and correct the internal references

Amend the title accordingly

Mr. Johnson, D.J. questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Knaak appealed the decision of the President.

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 39 and nays 23, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

The decision of the President was sustained.

Mr. Johnson, D.J. moved to amend H.F. No. 1 as follows:

Page 363, after line 13, insert:

“Sec. 25. [NORTH PINE AREA HOSPITAL DISTRICT.]

Notwithstanding Minnesota Statutes, section 447.31, subdivision 2, the North Pine area hospital district shall include any city or town located in Pine county that, at any time after April 1, 1989, has elected or does elect to be a part of the hospital district."

Page 364, line 18, after the period, insert "Section 25 is effective the day following final enactment."

Renumber the sections of article 17 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 42 and nays 24, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Johnson, D.J. moved that S.F. No. 1, on General Orders, be stricken and laid on the table. The motion prevailed.

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 Reports of Committees and Second Reading of Senate Bills. The motion prevailed.

REPORTS OF COMMITTEES

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

S.F. No. 4: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Laws 1989, chapter 340, article 1, section 17.

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

Page 1, after line 19, insert:

“Sec. 2. [REAL PROPERTY LAW.] Subdivision 1. Laws 1989, chapter 328, article 3, section 13, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] This section applies to mortgages executed after December 31, 1989, under which there has been a default in the payment of money existing for at least 60 days as of the date of the filing of the complaint or motion provided for in this section. This section applies only when the mortgaged premises are:

- (1) ten acres or less in size;
- (2) improved with a residential dwelling consisting of less than five units which is neither a model home nor a dwelling under construction; and
- (3) not property used in agricultural production ~~within the meaning of Laws 1986, chapter 398, section 5.~~

This section applies to foreclosures by action under chapter 581 and to foreclosures by advertisement under chapter 580.

Subd. 2. *This section is effective the day following final enactment.*

Sec. 3. [REAL PROPERTY LAW.] Subdivision 1. Laws 1989, chapter 328, article 3, section 13, subdivision 4, is amended to read:

Subd. 4. [SUMMONS AND COMPLAINT.] In a foreclosure by advertisement, the party foreclosing a mortgage or holding the sheriff's certificate of sale may initiate a proceeding in district court to reduce the mortgagor's redemption period under this section. The proceeding must be initiated by the filing of a complaint, naming the mortgagor, or the mortgagor's personal representatives or assigns of record, as defendant, in district court for the county in which the mortgaged premises are located. If the proceeding is commenced after the foreclosure sale, the holders of junior liens and interests entitled to notice under subdivision 3 must also be named as defendants. The complaint must identify the mortgaged premises by legal description and must identify the mortgage by the names of the mortgagor and mortgagee, and any assignee of the mortgagee; the date of its making; and pertinent recording information. The complaint must allege that the mortgaged premises are:

- (1) ten acres or less in size;
- (2) improved with a residential dwelling consisting of less than five units, which is not a model home or a dwelling under construction;
- (3) not property used in agricultural production ~~within the meaning of Laws 1986, chapter 398, section 5;~~ and
- (4) abandoned.

The complaint must request an order reducing the mortgagor's redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance date shall be not less than 15 nor more than 25 days from the date of the issuing of the summons. A copy of the filed complaint must be attached to the summons.

Subd. 2. *This section is effective the day following final enactment.*

Sec. 4. [WELL AND BORING RULES.]

(a) The rules adopted by the commissioner of health under chapter 156A are not repealed by Laws 1989, chapter 326, article 3, section 48, and continue to be effective.

(b) Paragraph (a) is effective the day following final enactment.

Sec. 5. [REPEALER.]

(a) Laws 1989, chapter 209, article 1, section 6, is repealed.

(b) Paragraph (a) is effective the day following final enactment.

Sec. 6. [REAL ESTATE LAW.] Subdivision 1. Minnesota Statutes 1988, section 580.04, as amended by Laws 1989, chapter 328, article 3, section 6, is amended to read:

580.04 [REQUISITES OF NOTICE.]

Each notice shall specify:

(1) the name of the mortgagor and of the mortgagee, and of the assignee of the mortgage, if any, and the original principal amount secured by said mortgage;

(2) the date of the mortgage, and when and where recorded, except where the mortgage is upon registered land, in which case the notice shall state that fact, and when and where registered;

(3) the amount claimed to be due thereon, and taxes, if any, paid by the mortgagee at the date of the notice;

(4) a description of the mortgaged premises, conforming substantially to that contained in the mortgage;

(5) the time and place of sale;

(6) the time allowed by law for redemption by the mortgagor, the mortgagor's personal representatives or assigns; and

(7) if the party foreclosing the mortgage desires to preserve the right to reduce the redemption period under section 582.032 after the first publication of the notice, the notice must also state in capital letters: "THE TIME ALLOWED BY LAW FOR REDEMPTION BY THE MORTGAGOR, THE MORTGAGOR'S PERSONAL REPRESENTATIVES OR ASSIGNS, MAY BE REDUCED TO FIVE WEEKS IF A JUDICIAL ORDER IS ENTERED UNDER MINNESOTA STATUTES, SECTION ~~580.032~~ 582.032, DETERMINING, AMONG OTHER THINGS, THAT THE MORTGAGED PREMISES ARE IMPROVED WITH A RESIDENTIAL DWELLING OF LESS THAN FIVE UNITS, ARE NOT PROPERTY USED IN AGRICULTURAL PRODUCTION, AND ARE ABANDONED."

Subd. 2. *This section is effective the day following its final enactment.*

Sec. 7. [CREDIT UNION AND NONPROFIT LAW.] Subdivision 1. Laws 1989, chapter 304, section 140, is amended to read:

Sec. 140. [EFFECTIVE DATES.]

Sections 1 to 120 ~~and~~, 122 to 128, ~~and~~ 130 are effective August 1, 1989. Sections 121, 129, 131 to 136, and ~~138~~ 139 are effective January 1, 1991.

Subd. 2. *The dates provided by Laws 1989, chapter 304, section 140, as amended by this section replace the dates provided before the amendments, whether or not the amended dates are retroactive.*

Subd. 3. *This section is effective the day following final enactment.*

Sec. 8. [PARTITION FENCES.] Subdivision 1. Laws 1989, chapter 335, article 4, section 109, subdivision 1, is amended to read:

Sec. 109. [REPEALER.]

Subdivision 1. [STATUTORY SECTIONS.] Minnesota Statutes 1988, sections 11A.22; 84.0911, subdivisions 1 and 3; 85.051; 89.04; 93.221; 116J.968; 190.26; 344.03, *subdivision 2*; and 469.121, subdivision 1, are repealed.

Subd. 2. *Minnesota Statutes 1988, section 344.03, subdivision 1, is reenacted and its repeal by Laws 1989, chapter 335, article 4, section 109, is of no effect. This section takes effect the day after final enactment.*

Sec. 9. [FEDERAL RECEIPTS FOR PRENATAL CARE OUTREACH PROGRAM.]

For the biennium ending June 30, 1991, federal money received as a result of state expenditures for the prenatal care outreach program established under Minnesota Statutes 1988, section 256B.04, subdivision 17, as added by Laws 1989, chapter 282, article 3, section 42, is appropriated to the commissioner of human services for the program. This section is effective the day following final enactment.

Sec. 10. Subdivision 1. Laws 1989, chapter 282, article 2, section 85, is amended to read:

Sec. 85. Minnesota Statutes 1988, section 245A.14, is amended by adding a subdivision to read:

Subd. 6. [DROP-IN CHILD CARE PROGRAMS.] Except as expressly set forth in this subdivision, drop-in child care programs must be licensed as a drop-in program under the rules governing child care programs operated in a center. Drop-in child care programs are exempt from the requirements in Minnesota Rules, parts 9503.0040; 9503.0045, subpart 1, items F and G; 9503.0050, subpart 6, except for children less than 2-1/2 years old; one-half the requirements of 9503.0060, subpart 4, item A, subitems (2), (5), and (8), subpart 5, item A, subitems (2), (3), and (7), and subpart 6, item A, subitems (3) and (6); 9507.0070; and 9503.0090, subpart 2. A drop-in child care program must be operated under the supervision of a person qualified as a director and a teacher. A drop-in child care program must maintain a minimum staff ratio for children age 2-1/2 or greater of one staff person for each ten children, except that there must be at least two persons on staff whenever the program is operating. If the program has additional staff who are on call as a mandatory condition of their employment, the minimum ratio may be exceeded only for children age 2-1/2 or greater, by a maximum of four children, for no more than 20 minutes while additional staff are in transit. The minimum staff-to-child ratio for infants up to 16 months of age is one staff person for every four infants. The minimum staff-to-child ratio for children age 17 months to 30 months is one staff for every seven children. In drop-in care programs that serve both infants and older children, children up to age 2-1/2 may be supervised by assistant teachers, as long as other staff are present in appropriate ratios. The minimum staff distribution pattern for a drop-in child care program serving children age 2-1/2 or greater is: the first staff member must be a teacher; the second, third, and fourth staff members must have at least the qualifications of a child care aide; the fifth staff member must have at least

the qualifications of an assistant teacher; the sixth, seventh, and eighth staff members must have at least the qualifications of a child care aide; and the ninth staff person must have at least the qualifications of an assistant teacher. *The commissioner by rule may require that a drop-in child care program serving children less than 2-1/2 years of age must serve these children in an area separated from older children- and may permit children age 2-1/2 and older may to be cared for in the same child care group.*

Subd. 2. *This section takes effect the day after final enactment.*

Sec. 11. [GRAIN STORAGE ACTIONS.]

Laws 1989, chapter 187, does not apply to bar an action for breach of a contract for sale of a grain storage structure that is an improvement to real property if the action would have been permissible under Minnesota Statutes 1988, section 336.2-725. This section applies only to actions pending on the effective date of this section. This section takes effect the day after final enactment."

Amend the title as follows:

Page 1, line 5, after "amending" insert "Minnesota Statutes 1988, section 580.04, as amended;" and delete "chapter" and insert "chapters 282, article 2, section 85; 304, section 140; 328, article 3, section 13, subdivisions 1 and 4; 335, article 4, section 109, subdivision 1; and"

Page 1, line 6, before the period, insert " ; repealing Laws 1989, chapter 209, article 1, section 6"

And when so amended the bill do pass.

Mr. Moe, R.D. moved the adoption of the foregoing Committee Report. The motion prevailed. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 4 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2 and that the rules of the Senate be so far suspended as to give H.F. No. 2 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2 was read the second time.

H.F. No. 2: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1988, section 580.04, as amended; Laws 1989, chapters 282, article 2, section 85; 304, section 140; 328, article 3, section 13, subdivisions 1 and 4; 335, article 4, section 109, subdivision 1; and 340, article 1, section 17; repealing Laws 1989, chapter 209, article 1, section 6.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Spear moved that S.F. No. 4, on General Orders, be stricken and laid on the table. The motion prevailed.

Without objection, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Storm and Gustafson introduced—

S.F. No. 5: A bill for an act relating to motor vehicles; authorizing special "CELEBRATE MINNESOTA 1990" license plates.

Referred to the Committee on Rules and Administration.

Messrs. Gustafson, Ramstad, Benson, Mehrkens and Anderson introduced—

S.F. No. 6: A bill for an act relating to labor and industry; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; affecting the workers' compensation court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1988, sections 79.01, subdivision 1; 79.074, by adding subdivisions; 79.095; 79.50; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.59; 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 2 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 2, 3, 3a, 6, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20 and 21; 176.131, subdivisions 1a, 2, 8, and by adding a subdivision; 176.132, subdivisions 1 and 3;

176.136, 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; 480A.06, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 176.081, subdivision 1; 176.131, subdivision 1; 176.132, subdivision 2; and 176.136, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1988, sections 79.51; 79.52, subdivisions 2 and 12; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.60; 79.61; 79.62; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a to 3d, 3f to 3u, and 6; and Minnesota Statutes 1989 Supplement, section 176.101, subdivision 3e.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS - CONTINUED

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

Senate Resolution No. 3: A Senate resolution relating to adjournment of the Special Session.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The Secretary of the Senate shall notify the Governor and the House of Representatives that the Senate is about to adjourn the Special Session sine die.

The Secretary of the Senate may correct and approve the Journal of the Senate for the Special Session.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

ADJOURNMENT

Mr. Taylor moved that the Senate adjourn sine die. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate