NINETY-FIFTH DAY

St. Paul, Minnesota, Tuesday, April 24, 1990

The Senate met at 1:00 p.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by Senator Pat Piper.

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

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

The President declared a quorum present.

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Cohen moved that the following members be excused for a Conference Committee on S.F. No. 2421 at 1:40 p.m.:

Messrs. Laidig, Luther and Cohen. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Spear moved that the following members be excused for a Conference Committee on S.F. No. 2177 at 1:40 p.m.:

Messrs. Belanger, Marty and Spear. The motion prevailed.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 23, 1990

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. 1725 and 2207.

Sincerely,
Rudy Perpich, Governor

April 23, 1990

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 1990 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 1990	Date Filed 1990
1725		501	1040 hours April 23	April 23

Sincerely,
Joan Anderson Growe
Secretary of State

April 24, 1990

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 1990 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 1990	Date Filed 1990
	1913	464		April 23
2207		474	2114 hours April 23	April 23
	1928	485	2056 hours April 23	April 23

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 2216: A bill for an act relating to occupations and professions; specifying requirements for membership of the board of medical examiners; containing procedural requirements for disciplinary actions; applying reporting requirements to other entities that provide professional liability coverage to physicians; amending Minnesota Statutes 1988, sections 147.01, subdivisions 1, 3, and 4; 147.09; 147.111, subdivision 5; repealing Minnesota Statutes 1988, sections 147.171; 147.24; 147.25; 147.26; 147.27; 147.28; 147.29; 147.30; 147.31; 147.32; 147.33; and Laws 1988, chapter 557, section 6.

Senate File No. 2216 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 2216 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2216 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 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	McGowan	Pogemiller
Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Decker	Knutson	Moe, R.D.	Ramstad
Belanger	DeCramer	Kroening	Novak	Renneke
Berglin	Flynn	Laidig	Olson	Schmitz
Bernhagen	Frank	Lantry	Pariseau	Spear
Bertram	Frederick	Larson	Pehler	Storm
Brataas	Gustafson	Luther	Piepho	Stumpf
Chmielewski	Hughes	Marty	Piper	Vickerman

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. 409: A bill for an act relating to employment; providing for certain employee leaves of absences; amending Minnesota Statutes 1988, sections 181.940; 181.941; 181.942; 181.943; and 181.944; proposing coding for new law in Minnesota Statutes, chapter 181.

Senate File No. 409 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 409 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 409 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 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	McGowan	Piper
Anderson	DeCramer	Knutson	McQuaid	Pogemiller
Beckman	Dicklich	Kroening	Metzen	Purfeerst
Berglin	Flynn	Laidig	Novak	Ramstad
Bernhagen	Frank	Lantry	Olson	Renneke
Bertram	Frederick	Larson	Pariseau	Schmitz
Brataas	Hughes	Lessard	Pehler	Storm
Chmielewski	Johnson, D.E.	Luther	Peterson, R.W.	Stumpf
Davis	Johnson, D.J.	Marty	Piepho	Vickerman

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. 1400: A bill for an act relating to probate; providing right to counsel in certain guardianship and conservatorship proceedings; proposing coding for new law in Minnesota Statutes, chapter 525.

Senate File No. 1400 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

CONCURRENCE AND REPASSAGE

Mr. Ramstad moved that the Senate concur in the amendments by the House to S.F. No. 1400 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1400 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 44 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.J.	McQuaid	Pogemiller
Anderson	DeCramer	Knaak	Metzen	Purfeerst
Beckman	Dicklich	Knutson	Novak	Ramstad
Berglin	Flynn	Kroening	Olson	Renneke
Bernhagen	Frank	Laidig	Pariseau	Schmitz
Bertram	Frederick	Lantry	Pehler	Storm
Brataas	Gustafson	Larson	Peterson, R.W.	Stumpf
Chmielewski	Hughes	Lessard	Piepho	Vickerman
Davis	Johnson, D.E.	McGowan	Piper	

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

MOTIONS AND RESOLUTIONS

S.F. No. 2018 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2018

A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses for failure to file tax returns; authorizing a limited number of video pull-tab devices and establishing standards and requirements for them; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; requiring local gambling taxes and prescribing uses for revenue therefrom; appropriating money; amending Minnesota Statutes 1988, sections 349.12, subdivisions 10, 18, and by adding subdivisions; 349.16, as amended; 349.17, as amended; 349.18, as amended; 349.19, as amended; 349.211, by adding a subdivision; 349.212, subdivision 5; 349.2121, subdivisions 1 and 4a; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.59, subdivision 1; 349.55; 609.75, subdivision 4; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding a subdivision; 349.12, subdivisions 12 and 15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161, as amended; 349.162; 349.163, as amended; 349.164; 349.2121, subdivision 2; 349.2122; 349.213; Minnesota Statutes Second 1989 Supplement, sections 349.12, subdivisions 11 and 19; 349.15; 349.212, subdivisions 1, 2, and 4; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 609.76, subdivision 1; Laws 1989, First Special Session chapter 1, article 13, section 27; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2.

April 20, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2018, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2018 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

Subd. 9. [VIDEO GAMES OF CHANCE.] *The commissioner shall exercise all powers and duties assigned to the commissioner relating to video games of chance under sections 349.50 to 349.60 through the division and director.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

Subd. 10. [FINGERPRINTING.] *The director may require that any: (1) licensee under sections 349.11 to 349.23, (2) employee of such a licensee, or (3) shareholder or officer of such a licensee be fingerprinted by the director, or otherwise submit to fingerprinting in a form and manner acceptable to the director.*

Sec. 3. [299L.06] [JURISDICTION.]

In any investigation or other enforcement activity where there is probable cause to believe that a criminal violation relating to gambling has occurred, except a violation relating only to taxation, the division rather than any other state department, agency, or office shall be the primary investigation entity where enforcement rests.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 11, is amended to read:

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

~~(1) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded;~~

~~(2) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures;~~

~~(3) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people;~~

~~(4) payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;~~

~~(5) any expenditure by, or any contribution to, a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code;~~

~~(6) payment of reasonable costs incurred in complying with the performing of annual audits required under section 349.19, subdivision 9;~~

~~(7) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization; or~~

~~(8) if approved by the board, construction, improvement, expansion, maintenance, and repair of athletic fields and outdoor ice rinks and their appurtenances, owned by the organization or a public agency.~~

~~(b) "Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property or capital assets owned or leased by an organization, other than a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code, unless the board has first specifically authorized the expenditures after finding: (1) that the property or capital assets will be used exclusively for one or more of the purposes specified in paragraph (a), clauses (1) to (3); or (2) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; or (3) with respect to expenditures for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance. The board shall by rule adopt procedures and standards to administer this subdivision.~~

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 16;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome, or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals, where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;

(7) recreational, community, and athletic facilities and activities intended

primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, as evidenced by (i) provision of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity, provided that nothing in this clause prohibits a contribution to or expenditure on an educational institution or other entity that is excepted from the prohibition against discrimination based on sex contained in the Higher Education Act Amendments of 1976, United States Code, title 20, section 1681;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the tax imposed by section 349.212, subdivisions 1 and 4, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization paying the taxes, not to exceed the amount which an organization may expend under board rule on rent for premises used for lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency; or

(11) a contribution to or expenditure by a nonprofit organization, church, or body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, except as provided in clause (6), unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would

otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) the erection, acquisition, improvement, or expansion of real property or capital assets which will be used for one or more of the purposes in paragraph (a), clause (7), unless the organization making the expenditures notifies the board at least 15 days before making the expenditure.

Sec. 5. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 12, is amended to read:

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

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

Subd. 30. [501(c)(3) ORGANIZATION.] *"501(c)(3) organization" is an organization exempt from the payment of federal income taxes under section 501(c)(3) of the Internal Revenue Code.*

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 31. [AFFILIATE.] *"Affiliate" is any person or entity directly or indirectly controlling, controlled by, or under common control or ownership with a licensee of the board or any officer or director of a licensee of the board.*

Sec. 8. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 32. [PERSON.] *"Person" is an individual, firm, association, partnership, corporation, trustee, or legal representative.*

Sec. 9. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 34. [FLARE.] *"Flare" is the posted display, with registration stamp affixed, that sets forth the rules of a particular game of pull-tabs or tipboards, and that is associated with a specific deal of pull-tabs or grouping of tipboards.*

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 349.15,

is amended to read:

349.15 [USE OF GROSS PROFITS.]

(a) Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized at a regular meeting of the conducting organization. Provided that no more than ~~55~~ *60* percent of the gross profit less the tax imposed under section 349.212, subdivision 1, from bingo, and no more than 50 percent of the gross profit less the ~~taxes~~ *tax* imposed by section 349.212, ~~subdivisions 1, 4, and~~ *subdivision* 6, from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling.

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

(c) Allowable expenses also include reasonable costs of bank account service charges, and the reasonable costs of an audit required by the board, except an audit required under section 349.19, subdivision 9.

(d) Allowable expenses include reasonable legal fees and damages that relate to the conducting of lawful gambling, except for legal fees or damages incurred in defending the organization against the board, attorney general, United States attorney, commissioner of revenue, or a county or city attorney.

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.151, is amended by adding a subdivision to read:

Subd. 3. [COMPENSATION.] *The compensation of board members is as provided in section 15.0575, subdivision 3.*

Sec. 12. Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4, is amended to read:

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

(1) *to regulate lawful gambling to ensure it is conducted in the public interest;*

(2) to issue~~, revoke, and suspend~~ licenses to organizations, distributors, bingo halls, ~~and~~ manufacturers ~~under sections 349.16, 349.161, 349.163, and 349.164~~, *and gambling managers*;

~~(2)~~ *(3)* to collect and deposit license, *permit, and registration* fees due under this chapter;

~~(3)~~ *(4)* to receive reports required by this chapter and inspect ~~the~~ *all premises,* records, books, and other documents of organizations ~~and suppliers~~, *distributors, manufacturers, and bingo halls* to insure compliance with all applicable laws and rules;

~~(4)~~ *(5)* to make rules ~~required~~ *authorized* by this chapter;

~~(5)~~ *(6)* to register gambling equipment and issue registration stamps ~~under section 349.162~~;

~~(6)~~ *(7)* to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

~~(7)~~ *(8)* to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

~~(8)~~ *(9) to* impose civil penalties of not more than $500 per violation on organizations, distributors, ~~and~~ manufacturers, *bingo halls, and gambling managers* for failure to comply with any provision of ~~sections 349.12 to 349.23~~ *this chapter* or any rule of the board;

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

(10) *to issue premises permits to organizations licensed to conduct lawful gambling;*

(11) to delegate to the director the authority to issue licenses *and premises permits* under criteria established by the board~~.~~*;*

(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register recipients of net profits from lawful gambling and to revoke or suspend the registrations;

(14) to register employees of organizations licensed to conduct lawful gambling;

(15) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and

(16) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

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

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

Sec. 13. Minnesota Statutes 1989 Supplement, section 349.152, subdivision 2, is amended to read:

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

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

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

(3) to advise and make recommendations to the board on rules;

(4) to issue licenses *and premises permits* as authorized by the board;

(5) to issue cease and desist orders;

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

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

Sec. 14. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

Subd. 3. [CEASE AND DESIST ORDERS.] *Whenever it appears to the director that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule:*

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

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

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

Subd. 4. [EXECUTIVE ASSISTANT.] *The director may appoint an executive assistant to the director, who is in the unclassified service.*

Sec. 16. [349.154] [EXPENDITURE OF NET PROFITS FROM LAWFUL GAMBLING.]

Subdivision 1. [STANDARDS FOR CERTAIN ORGANIZATIONS.] *The board shall by rule prescribe standards that must be met by any licensed organization that is a 501(c)(3) organization. The standards must provide:*

(1) operating standards for the organization, including a maximum percentage or percentages of the organization's total expenditures that may be expended for the organization's administration and operation; and

(2) standards for any expenditure by the organization of net profits from lawful gambling, including a requirement that the expenditure be related to the primary purpose of the organization.

Subd. 2. [NET PROFIT REPORTS.] *(a) Each licensed organization must report monthly to the board on a form prescribed by the board each expenditure and contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:*

(1) the name, address, and telephone number of the recipient of the expenditure or contribution;

(2) the date the contribution was approved by the organization;

(3) the date, amount, and check number of the expenditure or contribution; and

(4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 11, paragraph (a).

(b) Each report required under paragraph (a) must be accompanied by an acknowledgment, on a form the board prescribes, of each contribution of net profits from lawful gambling included in the report. The acknowledgment must be signed by the recipient of the contribution, or, if the recipient is not an individual, or other authorized representative of the recipient, by an officer. The acknowledgment must include the name and address of the contributing organization and each item in paragraph (a), clauses (1) to (3).

(c) The board shall provide the commissioners of revenue and public safety copies of each report received under this subdivision.

Subd. 3. [REGISTRATION OF LAWFUL GAMBLING NET PROFIT RECIPIENTS.] *The board may by rule require that any individual, organization, or other entity must be registered with the board to receive a contribution of net profits from lawful gambling. The rules may designate and define specific categories of recipients that are subject to registration. The board may suspend or revoke the registration of any recipient the board determines has made an unlawful expenditure of net profits from lawful gambling.*

Sec. 17. Minnesota Statutes 1988, section 349.16, as amended by Laws 1989, chapter 334, article 2, sections 20 and 21, and Laws 1989, First Special Session chapter 1, article 13, section 8, is amended to read:

349.16 [ORGANIZATION LICENSES.]

Subdivision 1. [LICENSE REQUIRED.] *An organization may conduct lawful gambling if it has a license to conduct lawful gambling and complies with this chapter.*

Subd. 2. [ISSUANCE OF GAMBLING LICENSES.] *(a)* Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications ~~of section 349.14,~~ *in paragraphs (b) to (h)* if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.

(b) The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.

(c) The organization at the time of licensing must have at least 15 active members.

(d) The organization must not be in existence solely for the purpose of conducting gambling.

(e) The organization must not have as an officer or member of the governing body any person who, within the five years before the issuance of the license, has been convicted in a federal or state court of a felony or gross misdemeanor or who has ever been convicted of a crime involving gambling or who has had a license issued by the board or director revoked

for a violation of law or board rule.

(f) The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling.

(g) The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.

(h) The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.

Subd. 3. [TERM OF LICENSE; SUSPENSION AND REVOCATION.] Licenses issued under this section are valid for one year and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a ~~pattern of~~ willful ~~violations~~ *violation* of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

~~Subd. 1a. [RESTRICTIONS ON LICENSE ISSUANCE.] On and after October 1, 1989, the board shall not issue an initial license to any organization if the board, in consultation with the department of revenue, determines that the organization is seeking licensing for the primary purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.~~

Subd. ~~2~~ *4.* [APPLICATION.] All applications for a license under this section must be on a form prescribed by the board. The board may require the applying organization to submit a copy of its articles of incorporation and other documents it deems necessary.

Subd. 5. [RENEWALS.] *The board shall not renew a license issued under this section unless it determines that the organization is in compliance with all laws and rules governing lawful gambling and is not delinquent in filing tax returns or paying taxes required under this chapter. The board may delegate to the director the authority to make determinations required under this subdivision.*

Subd. ~~3~~ *6.* [FEES.] The board may issue four classes of *organization* licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only; and a class D license authorizing raffles only. The ~~annual license fee for each class of license is:~~

~~(1) $200 for a class A license;~~

~~(2) $125 for a class B license;~~

~~(3) $100 for a class C license; and~~

~~(4) $75 for a class D license~~ *board shall not charge a fee for an organization license.*

Subd. 7. [PURCHASE OF GAMBLING EQUIPMENT.] *An organization may purchase gambling equipment only from a person licensed as a distributor.*

Subd. 4 *8.* [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling or operate a bingo hall. An

investigation fee may not exceed the following limits:

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

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

(3) for all other cities, $100; and

(4) for counties, $375.

Sec. 18. Minnesota Statutes 1989 Supplement, section 349.161, as amended by Laws 1989, First Special Session chapter 1, article 13, section 9, is amended to read:

349.161 [DISTRIBUTOR LICENSES.]

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

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

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

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

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

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

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

(1) has *ever* been convicted of a felony ~~within the past five years~~;

(2) has ever been convicted of ~~a felony involving fraud or misrepresentation or~~ a crime involving gambling;

(3) *has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;*

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

~~(4)~~ *(5)* owes $500 or more in delinquent taxes as defined in section 270.72;

~~(5)~~ *(6)* has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or

~~(6)~~ *(7)* after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a distributor's license is $2,500.

Subd. 5. [PROHIBITION.] (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, ~~distributor's~~ *or any* representative, *agent, affiliate,* or employee of a distributor, may be *(1)* involved ~~directly~~ in the ~~operation~~ *conduct* of lawful gambling ~~conducted~~ by an organization*; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.*

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

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

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

(f) No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor may purchase gambling equipment from any person not licensed as a manufacturer under section 349.163.

(h) No distributor may sell gambling equipment to any person in Minnesota other than (i) a licensed organization or organization exempt from licensing, or (ii) the governing body of an Indian tribe.

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

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

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and home addresses of all employees. Each distributor~~,~~ *and* employee of a distributor~~, or a person making sales of gambling equipment on behalf of a distributor~~ must have in their possession a picture identification card approved by the board. *No person other than an employee of a licensed distributor shall make any sales on behalf of a licensed distributor.*

Sec. 19. Minnesota Statutes 1989 Supplement, section 349.162, is amended to read:

349.162 [EQUIPMENT REGISTERED.]

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

(b) From January 1, 1991, to June 30, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "For Sale in Minnesota Only."

(c) On and after July 1, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "Manufactured in Minnesota For Sale in Minnesota Only."

(d) Paragraphs (b) and (c) do not apply to pull-tabs sold by a distributor to the governing body of an Indian tribe.

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

(1) the identity of the person or firm from whom the ~~equipment was~~ *distributor* purchased *the equipment*;

(2) the registration number of the equipment;

(3) the name ~~and~~, address, *and license or exempt permit number* of the organization to which the sale was made;

(4) the date of the sale;

(5) the name of the person who ordered the equipment; ~~and~~

(6) the name of the person who received the equipment~~.~~;

(7) the type of equipment;

(8) the serial number of the equipment;

(9) the name, form number, or other identifying information for each game; and

(10) in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.

The invoice for each sale must be retained for at least ~~two~~ *3-1/2* years after the sale is completed and a copy of each invoice is to be delivered to

the board in the manner and time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

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

The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Subd. 3. [EXEMPTION.] For purposes of this section, bingo cards or sheets need not be stamped.

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

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

(c) On and after January 1, 1991, no distributor may:

(1) sell a bingo card that does not bear an individual number; or

(2) sell a package of bingo cards that does not contain bingo cards in numerical order.

Subd. 5. [SALES FROM FACILITIES.] (a) All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the division of gambling enforcement as a sales or storage facility of the distributor's. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the division of gambling enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board.

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

(c) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125. *This paragraph does not apply to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document.*

Subd. 6. [REMOVAL OF EQUIPMENT FROM INVENTORY.] *Authorized employees of the board, the division of gambling enforcement of the department of public safety, and the commissioner of revenue may remove*

gambling equipment from the inventories of distributors and organizations and test that equipment to determine its compliance with all applicable laws and rules. A distributor or organization may return to the manufacturer thereof any gambling equipment which is determined to be in violation of law or rule. The cost to an organization of gambling equipment removed from inventory under this paragraph and found to be in compliance with all applicable law and rules is an allowable expense under section 349.15.

Sec. 20. Minnesota Statutes 1989 Supplement, section 349.163, as amended by Laws 1989, First Special Session chapter 1, article 13, section 10, is amended to read:

349.163 [LICENSING OF MANUFACTURERS.]

Subdivision 1. [LICENSE *REQUIRED.*] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has ~~been issued~~ a *current and valid* license by the board under ~~objective~~ *this section and other* criteria prescribed by the board by rule.

A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161, unless the manufacturer (1) does not manufacture any gambling equipment other than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.

Subd. 1a. [QUALIFICATIONS.] *A license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:*

(1) has ever been convicted of a felony;

(2) has ever been convicted of a crime involving gambling;

(3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

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

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

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

(7) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 1b. [APPLICATIONS; INFORMATION.] *An applicant for a manufacturer's license must list on the license application the names and addresses of all subsidiaries, affiliates, and branches in which the applicant has any form of ownership or control, in whole or in part, without regard to whether the subsidiary, affiliate, or branch does business in Minnesota.*

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

Subd. 2a. [LICENSES; SUSPENSION, REVOCATION.] *The board may suspend a license under this section for a violation of law or board rule. The board may revoke a license under this section for (1) a willful violation of law or board rule, or (2) a conviction in another jurisdiction for a criminal violation that is related to gambling, or that would be a felony*

or gross misdemeanor if committed in Minnesota.

Subd. 3. [PROHIBITED SALES.] *(a)* A manufacturer may not:

(1) sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor; ~~or~~

(2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use in this state~~.~~*;*

(3) from January 1, 1991, to June 30, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only";

(4) on and after July 1, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "Manufactured in Minnesota For Sale In Minnesota Only"; or

(5) sell a pull-tab marked as required in paragraphs (3) and (4) to any person inside or outside the state, including the governing body of an Indian tribe, who is not a licensed distributor.

(b) On and after July 1, 1992, all pull-tabs sold by a licensed manufacturer to a person in Minnesota must be manufactured in Minnesota.

(c) A manufacturer, affiliate of a manufacturer, or person acting as a representative or agent of a manufacturer, may not provide a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium, contribution, or other thing of value.

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

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] *(a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.*

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers — This pull-tab (or tipboard) game is not legal in Minnesota unless:

— a Minnesota gambling stamp is affixed to this sheet, and

— the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

(d) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.

(e) The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:

(1) the name of the game;

(2) the serial number of the game;

(3) the name of the manufacturer;

(4) the number of tickets in the deal;

(5) the odds of winning each prize in the deal; and

(6) other information the board by rule requires.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.

(f) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] *The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for sale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is sold in this state. The board may request the assistance of the commissioner of public safety and the director of the state lottery division in performing the tests.*

Subd. 7. [RECYCLED PAPER.] *The board may, after January 1, 1991, by rule require that all pull-tabs sold in Minnesota be manufactured using recycled paper.*

Sec. 21. Minnesota Statutes 1989 Supplement, section 349.164, is amended to read:

349.164 [BINGO HALL LICENSES.]

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

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

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this

section to a person, ~~or to a~~ *organization*, corporation, firm, or partnership *that is not the legal owner of the facility, or to a person, organization, corporation, firm, or partnership* which has as an officer, director, or other person in a supervisory or management position *a person*, who:

(1) has *ever* been convicted of a felony ~~within the past five years~~;

(2) has ever been convicted of ~~a felony involving fraud or misrepresentation or~~ a crime involving gambling; ~~or~~

(3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

(4) owes delinquent taxes in excess of $500 as defined in section 270.72*; or*

(5) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. [FEES.] The annual fee for a bingo hall license is $2,500.

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

Subd. 6. [~~PROHIBITION~~ *PROHIBITED ACTS.*] No bingo hall licensee, *person holding a financial or managerial interest in a bingo hall, or affiliate thereof* may ~~also~~*:*

(1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages~~.~~*;*

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

~~(1)~~ *(2)* provide any staff to conduct *or assist in the conduct of* bingo or any other form of lawful gambling ~~during the bingo occasion~~ *on the premises*;

~~(2)~~ *(3)* acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts ~~bingo~~ *lawful gambling* on the premises;

~~(3)~~ *(4)* provide accounting services to an organization conducting ~~bingo~~ *lawful gambling* on the premises;

~~(4)~~ *(5) solicit, suggest, encourage, or* make any expenditures of gross receipts of an organization from lawful gambling; ~~or~~

~~(5)~~ *(6)* charge any fee to a person ~~at a bingo occasion,~~ without which the person could not play a bingo game *or participate in another form of lawful gambling on the premises;*

(7) provide assistance or participate in the conduct of lawful gambling on the premises; or

(8) permit more than 21 bingo occasions to be conducted on the premises in any week.

Subd. ~~8~~ *7.* [LEASES.] All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease.

No amount may be paid by the organization or received by ~~the operator of~~ the bingo hall *licensee* based on the number of participants attending the bingo occasion or *participating in lawful gambling on the premises, or based* on the gross receipts or profit received by the organization. *All provisions of section 349.18 apply to lawful gambling conducted in bingo halls.*

Subd. ~~9~~ *8.* [REVOCATION AND SUSPENSION.] A license under this section may be suspended by the board for a violation of law or board rule or *revoked* for *(1)* failure to meet the qualifications in subdivision 3 at any time; or ~~revoked for what the board determines to be~~ *(2)* a ~~pattern of~~ willful ~~violations~~ *violation* of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 22. [349.1641] [LICENSES; SUMMARY SUSPENSION.]

The board may (1) summarily suspend the license of an organization that is more than three months late in filing a tax return required under this chapter, and may keep the suspension in effect until all required returns are filed; and (2) summarily suspend for not more than 90 days any license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in Minnesota. The board must notify the licensee at least 14 days before suspending the license under this paragraph. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended or revoked under this subdivision, the board shall within three days notify all municipalities in which the organization's gambling premises are located, and all licensed distributors in the state.

Sec. 23. [349.165] [PREMISES PERMITS.]

Subdivision 1. [PREMISES PERMIT REQUIRED; APPLICATION.] *A licensed organization may not conduct lawful gambling at any site unless it has first obtained from the board a premises permit for the site. The board shall prescribe a form for permit applications, and each application for a permit must be submitted on a separate form. The board may by rule limit the number of premises permits that may be issued to an organization.*

Subd. 2. [CONTENTS OF APPLICATION.] *An application for a premises permit must contain:*

(1) the name and address of the applying organization and of the organization's gambling manager;

(2) a description of the site for which the permit is sought, including its address and, where applicable, its placement within another premises or establishment;

(3) if the site is leased, the name and address of the lessor and information about the lease the board requires, including all rents and other charges for the use of the site; and

(4) other information the board deems necessary to carry out its purposes.

An organization holding a premises permit must notify the board in writing within ten days whenever any material change is made in the above information.

Subd. 3. [FEES.] *The board may issue four classes of premises permits, corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The annual fee for each class of permit is:*

(1) $200 for a class A permit;

(2) $125 for a class B permit;

(3) $100 for a class C permit; and

(4) $75 for a class D permit.

Subd. 4. [IDENTIFICATION OF PREMISES.] *No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying potential locations for gambling conducted by the organization.*

Sec. 24. [349.166] [EXCLUSIONS; EXEMPTIONS.]

Subdivision 1. [EXCLUSIONS.] *(a) Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18, if it is conducted:*

(1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.213 if the prizes for a single bingo game do not exceed $10, total prizes awarded at a single bingo occasion do not exceed $200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed $750.

Subd. 2. [EXEMPTIONS.] *(a) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.151 to 349.16; 349.167; 349.168; 349.18; 349.19; and 349.212 if:*

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

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

(3) the organization pays a fee of $25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

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

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

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

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

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

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (c), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] *Sections 349.21 and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.*

Subd. 4. [TAXATION.] *An organization's receipts from lawful gambling that is exempt from licensing under this section are not subject to the tax imposed by section 297A.02 or 349.212.*

Sec. 25. [349.167] [GAMBLING MANAGERS.]

Subdivision 1. [GAMBLING MANAGER REQUIRED.] *(a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gross*

receipts of the organization and for its conduct in compliance with all laws and rules. The organization must maintain, or require the person designated as a gambling manager to maintain, a fidelity bond in the sum or $25,000 in favor of the organization and the state, conditioned on (1) the faithful performance of the manager's duties; and (2) the payment of all taxes due under this chapter on lawful expenditures of gross profits from lawful gambling. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation. In the case of conflicting claims against a bond a claim by the state has preference over a claim by the organization.

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

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

(d) An organization may not have more than one gambling manager at any time.

Subd. 2. [GAMBLING MANAGERS; LICENSES.] *A person may not serve as a gambling manager for an organization unless the person possesses a valid gambling manager's license issued by the board. The board may issue a gambling manager's license to a person applying for the license who:*

(1) has received training as required in subdivision 5;

(2) has never been convicted of a felony;

(3) within the five years before the date of the license application, has not committed a violation of law or board rule that resulted in the revocation of a license issued by the board;

(4) has never been convicted of a criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling;

(5) has never been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats; and

(6) has not engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.

A gambling manager's license is valid for one year unless suspended or revoked. The annual fee for a gambling manager's license is $100.

Subd. 4. [SUSPENSION; REVOCATION.] *The board may suspend or revoke, as provided in board rules, a gambling manager's license for a violation of law or board rule. A suspension or revocation is a contested case under sections 14.57 to 14.69 of the administrative procedure act.*

Subd. 5. [TRAINING OF GAMBLING MANAGERS.] *(a) The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:*

(1) each gambling manager must have received such training before being issued a new license;

(2) each gambling manager applying for a renewal of a license must

have received training within the three years prior to the date of application for the renewal; and

(3) the training required by this subdivision may be provided by a person, firm, association, or organization authorized by the board to provide the training. Before authorizing a person, firm, association, or organization to provide training, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the division.

Subd. 6. [CRIMINAL HISTORY.] *The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a gambling manager's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.*

Subd. 7. [RECRUITMENT OF GAMBLING MANAGERS.] *No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying or recruiting candidates to become a gambling manager for the organization.*

Sec. 26. [349.168] [GAMBLING EMPLOYEES.]

Subdivision 1. [REGISTRATION OF EMPLOYEES.] *A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the board on a form the board prescribes. The form must require each registrant to provide: (1) the person's name, address, and social security number; (2) a current photograph; (3) the name, address, and license number of the employing organization; and (4) a listing of all employment in the conduct of lawful gambling within the previous three years, including the name and address of each employing organization and the circumstances under which the employment was terminated.*

Subd. 2. [IDENTIFICATION OF EMPLOYEES.] *The board shall issue to each person registering under subdivision 1 a registration number and identification card, which must include the employee's photograph. Each person receiving compensation for the conduct of lawful gambling must wear the identification card provided by the board at all times while conducting the lawful gambling.*

Subd. 3. [COMPENSATION.] *Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tipboards, raffle tickets, paddlewheel tickets, and bingo paper; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.*

Subd. 4. [AMOUNTS PAID.] *The amounts of compensation that may be paid under this section may be provided for in a schedule of compensation adopted by the board by rule. In adopting a schedule, the board must consider the nature of the participation and the types of lawful gambling participated in.*

Subd. 5. [COMPENSATION RECORDS.] *An organization paying compensation to persons who participate in the conduct of lawful gambling must maintain a compensation record. The record must be retained for at least two years after the month in which the compensation is paid. The record must itemize each payment made to each recipient of compensation and must include the amount and the full name, address, and membership status of each recipient.*

Subd. 6. [COMPENSATION PAID BY CHECK.] *Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee.*

Subd. 7. [PENALTY.] *(a) An organization that makes payment of compensation, or causes compensation to be made, that violates subdivision 4 must be assessed a civil penalty not to exceed $1,000 for each violation of subdivision 4. A second violation within 12 months of notification by the board to the organization of the first violation must result in suspension of the organization's gambling license for a period of three months, in addition to any civil penalty assessed. A third violation within 12 months of the board's notification to the organization of the second violation must result in revocation of the organization's gambling license in addition to any civil penalty assessed.*

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

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

Subd. 8. [PERCENTAGE OF GROSS PROFIT PAID.] *A licensed organization may pay a percentage of the gross profit from raffle ticket sales to a nonprofit organization that sells raffle tickets for the licensed organization.*

Sec. 27. [349.169] [FILING OF PRICES.]

Subdivision 1. [FILING REQUIRED.] *All manufacturers and distributors must file with the director, not later than the first day of each month, the prices at which the manufacturer or distributor will sell all gambling*

equipment in that month. The filing must be on a form the director prescribes. Prices filed must include all charges the manufacturer or distributor makes for each item of gambling equipment sold, including all volume discounts, exclusive of transportation costs. All filings are effective on the first day of the month for which they are filed, except that a manufacturer or distributor may amend a filed price within five days of filing it.

Subd. 2. [COPIES.] *The director shall provide copies of price filings to any person requesting them and may charge a reasonable fee for the copies. Any person may examine price filings in the division office at no cost, and the director shall make the filings available for that purpose.*

Subd. 3. [SALES AT FILED PRICES.] *No manufacturer may sell to a distributor, and no distributor may sell to an organization, any gambling equipment for any price other than a price the manufacturer or distributor has filed with the director under subdivision 1, exclusive of transportation costs.*

Sec. 28. Minnesota Statutes 1988, section 349.17, as amended by Laws 1989, chapter 334, article 2, section 26, is amended to read:

349.17 [CONDUCT OF BINGO.]

Subdivision 1. [BINGO OCCASIONS.] Not more than ~~six~~ *seven* bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Subd. 2. [BINGO ON LEASED PREMISES.] ~~(a) A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, may not allow more than 18 bingo occasions to be conducted on the premises in any week.~~

~~(b) If an organization conducts bingo on premises it does not own, the organization must provide the board with the name of the owner and lessor of the premises, copies of all agreements between the organization and the owner or lessor, and the names of employees of the owner or lessor who will be responsible for the premises during the bingo occasion held by the organization.~~

~~(c)~~ During any bingo occasion ~~held~~ *conducted* by an organization ~~on premises it does not own~~, the organization ~~shall be~~ *is* directly responsible for the:

(1) staffing of the bingo occasion;

(2) conducting of lawful gambling during the bingo occasion;

(3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization; ~~and~~

(4) receipt, accounting, and all expenditures of gross receipts from lawful gambling*; and*

(5) preparation of the bingo packets.

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

Subd. 3. Each bingo winner must be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted.

Subd. 4. [CHECKERS.] One or more checkers must be engaged for each bingo occasion. The checker or checkers must record, on a form the board provides, the number of cards played in each game and the prizes awarded to recorded cards. The form must provide for the inclusion of the registration number of each card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.

Subd. 5. [BINGO CARD NUMBERING.] *(a) The board shall by rule require that all licensed organizations: (1) conduct bingo only using liquid daubers on cards that bear an individual number recorded by the distributor; (2) sell all bingo cards only in the order of the numbers appearing on the cards; and (3) use each bingo card for no more than one bingo occasion. In lieu of the requirements of clauses (2) and (3), a licensed organization may electronically record the sale of each bingo card at each bingo occasion using an electronic recording system approved by the board.*

(b) The requirements of paragraph (a) do not apply to a licensed organization that (1) has never received gross receipts from bingo in excess of $150,000 in any year, and (2) does not pay compensation to any person for participating in the conduct of lawful gambling.

Sec. 29. [349.172] [PULL-TABS; INFORMATION REQUIRED TO BE POSTED.]

An organization selling pull-tabs must post for each deal of pull-tabs all major prizes that have been awarded for pull-tabs purchased from that deal. The information must be posted prominently at the point of sale of the deal. An easily legible pull-tab flare that lists prizes in that deal, and on which prizes are marked or crossed off as they are awarded, satisfies the requirement of this section that major prizes be posted, provided that a separate flare is posted for each deal of pull-tabs. An organization must post or mark off each major prize immediately upon awarding the prize. A "major prize" in a deal of pull-tabs is any prize that is at least 50 times the face value of any pull-tab in the deal.

Sec. 30. [349.174] [PULL-TABS; DEADLINE FOR USE.]

A deal of pull-tabs and tipboards received by an organization before September 1, 1989, must be put into play by that organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to its manufacturer and to the distributor who sold it to the organization. An organization in possession on and after September 1, 1990, of a deal of pull-tabs and tipboards the organization received before September 1, 1989, may not put such a deal in play but must remove it from the organization's inventory and return it to the manufacturer.

Sec. 31. Minnesota Statutes 1988, section 349.18, as amended by Laws 1989, chapter 334, article 2, sections 27 and 28, is amended to read:

349.18 [PREMISES USED FOR GAMBLING.]

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of one year and must be ~~in writing~~ *on a form prescribed by the board.* Copies of all leases must be made available to employees of the division and the division of gambling enforcement on

request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity ~~in a~~ *on the* leased ~~space~~ *premises* during times when lawful gambling is being conducted ~~in the space~~ *on the premises*.

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) Gambling equipment owned by or in the possession of ~~a licensed~~ *an* organization must be kept at a licensed gambling premises owned or operated by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. *Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.*

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by ~~a licensed~~ *an* organization must be *secured and* kept separate from gambling equipment owned by other persons, organizations, distributors, or manufacturers ~~consistent with the organization's internal controls filed with the board~~.

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

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

Subd. 2. [EXCEPTIONS.] (a) ~~A licensed~~ *An* organization may conduct raffles on a premise it does not own or lease.

(b) ~~A licensed~~ *An* organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to ~~six~~ *12 consecutive* days in a calendar year, in connection with a county fair, *the state fair,* or ~~civil~~ *a civic* celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Subd. 3. [PROCEEDS FROM RENTAL.] Rental proceeds from premises owned by ~~a licensed~~ *an* organization and leased ~~or subleased~~ to one or more other ~~licensed~~ organizations for the purposes of conducting lawful gambling shall not be reported as gambling proceeds under this chapter.

Subd. 4. [PROHIBITION.] *(a) An organization may not pay rent to itself or to any of its affiliates for use of space for conducting lawful gambling.*

(b) An organization may not pay rent for space for conducting lawful gambling from any account or fund other than the organization's separate

gambling account.

Subd. 5. [CERTAIN AGREEMENTS PROHIBITED.] *An organization may not enter into or be a party to a lending agreement under which any of the organization's receipts from lawful gambling are pledged as collateral for a loan.*

Sec. 32. Minnesota Statutes 1988, section 349.19, as amended by Laws 1989, chapter 334, article 2, sections 29, 30, 32, and 33, and Laws 1989, First Special Session chapter 1, article 13, section 11, is amended to read:

349.19 [RECORDS AND REPORTS.]

Subdivision 1. [REQUIRED RECORD OF RECEIPTS.] A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, *prizes,* and ~~profits~~ *gross profit*. The board may by rule provide for the methods by which expenses are documented. ~~Gross receipts for bingo include any amount received by the organization which has been paid by a person at the bingo occasion to play the game, without which the player could not play the game.~~ In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Subd. 2. [ACCOUNTS.] Gross receipts from lawful gambling by each organization at each ~~licensed~~ *permitted* premises must be segregated from all other revenues of the conducting organization and placed in a separate account. *All expenditures for expenses, taxes, and lawful purposes must be made from the separate account except in the case of expenditures previously approved by the organization's membership for emergencies as defined by board rule.* The name and address of the bank and the account number for that separate account for that licensed premises, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within ~~one business day~~ *three days* of completion of the bingo occasion, deal, or game from which they are received, and deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Subd. 3. [EXPENDITURES.] All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, *and must be in compliance with section 349.154*. Authorization of the expenditures must be recorded in the ~~regular~~ *monthly* meeting minutes of the licensed organization. *Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.*

Subd. 4. [DISCREPANCIES.] If at a bingo occasion a discrepancy of more than $20 is found between the gross receipts as reported by the checkers and the gross receipts determined by adding the cash receipts, the discrepancy must be reported to the board within five days of the bingo occasion.

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than $1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes. *Submission of the report required by section 16 satisfies the requirement for reporting monthly to the board on expenditure of net profits.*

Subd. 6. [PRESERVATION OF RECORDS.] Records required to be kept by this section must be preserved by a licensed organization for at least 3-1/2 years and may be inspected by the commissioner of revenue, the commissioner of gaming, or the commissioner of public safety at any reasonable time without notice or a search warrant.

Subd. 7. [TAX RECORDS.] The board may by rule require each licensed organization to provide copies of forms it files with the United States department of the treasury which are required for organizations exempt from income tax.

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

Subd. 9. [~~ANNUAL~~ AUDIT; FILING REQUIREMENT.] An organization licensed under this chapter must have an annual financial audit of its lawful gambling activities and funds performed by an independent auditor licensed by the state of Minnesota or performed by an independent accountant who has had prior approval of the board. *The board shall by rule prescribe standards for the audit, which must provide for the reconciliation of the organization's gambling account or accounts with the organization's reports filed under subdivision 5 and section 16.* A complete, true, and correct copy of the audit report must be filed with the board upon completion of the audit.

Subd. 10. [PULL-TAB RECORDS.] *The board shall by rule require a licensed organization to require each winner of a pull-tab prize of $50 or more to present identification in the form of a drivers license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracing of the winner. The rule must require the organization to retain winning pull-tabs of $50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.*

Subd. 11. [INFORMATION MADE PART OF ORGANIZATION MINUTES.] *A licensed organization which receives a copy of a written audit under subdivision 9, or an audit or compliance report prepared by an agency of the state, must place the audit report or compliance report in the minutes of the next meeting of the organization following receipt of the report. Copies of such minutes must be made available to all members*

of the organization upon request.

Sec. 33. [349.191] [SALES ON CREDIT.]

Subdivision 1. [CREDIT RESTRICTION.] *A manufacturer may not offer or extend to a distributor, and a distributor may not extend to an organization, credit for a period of more than 30 days for the sale of any gambling equipment. No right of action exists for the collection of any claim based on credit prohibited by this subdivision. The 30-day period allowed by this subdivision begins with the day immediately following the day of invoice and includes all successive days, including Sundays and holidays, to and including the 30th successive day.*

Subd. 2. [INVOICES.] *All invoices prepared by a manufacturer or distributor and presented as part of a credit transaction for the purchase of gambling equipment must clearly bear the words "Notice: State Law Prohibits the Extension of Credit For This Sale For More Than 30 Days."*

Subd. 3. [RULES.] *Any rule of the board which requires a manufacturer to report to the board any distributor who is delinquent in payment for gambling equipment must provide that a distributor is subject to the rule if the distributor is more than 30 days delinquent in payment to a manufacturer.*

Subd. 4. [CREDIT; POSTDATED CHECKS.] *For purposes of this subdivision, "credit" includes acceptance by a manufacturer or distributor of a postdated check in payment for gambling equipment.*

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 2, is amended to read:

Subd. 2. [COLLECTION; DISPOSITION.] The taxes imposed by this section are due and payable to the commissioner of revenue at the time when the gambling tax return is required to be filed. Returns covering the taxes imposed under this section must be filed with the commissioner of revenue on or before the 20th day of the month following the close of the previous calendar month. *The commissioner may require that the returns be filed via magnetic media or electronic data transfer.* The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.21 and 349.211, 349.212, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Sec. 35. Minnesota Statutes 1989 Supplement, section 349.2122, is amended to read:

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

A manufacturer licensed ~~with~~ *by* the board who sells pull-tabs and tipboards to a *licensed* distributor ~~licensed by the board~~ must file with the commissioner of revenue, on a form prescribed by the commissioner, a report of pull-tabs and tipboards sold to ~~licensed distributors~~ *any person in the state, including the established governing body of Indian tribes recognized by the United States Department of the Interior.* The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. *The commissioner may require that the report be submitted via magnetic media or electronic data transfer.* The commissioner of revenue may inspect the books, records, and inventory of a licensed manufacturer without notice during the normal business hours of the manufacturer. Any person violating this section shall be guilty of a misdemeanor.

Sec. 36. Minnesota Statutes 1988, section 349.2123, is amended to read:

349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The *board or* commissioner of revenue may, upon request, require a ~~licensed~~ distributor to furnish a certified physical inventory of ~~the pull-tabs and tipboards~~ *all gambling equipment* in stock. The inventory must contain the information required by the *board or the* commissioner.

Sec. 37. Minnesota Statutes 1989 Supplement, section 349.213, is amended to read:

349.213 [LOCAL AUTHORITY.]

Subdivision 1. [LOCAL REGULATION.] *(a)* A statutory or home rule city or county has the authority to adopt more stringent regulation of ~~any form of~~ lawful gambling within its jurisdiction, including the prohibition ~~of any form~~ of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed $100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must define the city's or county's trade area and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. *A trade area defined by a city under this subdivision must include each city contiguous to the defining city.*

(c) A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision.

Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing ~~an organization license~~ *a premises permit* or bingo hall license, the board must notify the city council of the statutory or home rule city in which the organization's premises or the bingo hall is located or, if the premises or hall is located outside a city, the county board of the county and the town board of the town where the premises or hall is located. The board may require organizations *or bingo halls* to notify the appropriate local government at the time of application. This required notification is sufficient to constitute the

notice required by this subdivision. ~~If the city council or county board adopts a resolution disapproving the license and so informs the board within 60 days of receiving notice of the application, the license may not be issued or renewed.~~ *The board may not issue or renew a premises permit or bingo hall license unless the organization submits a resolution from the city council or county board approving the premises permit or bingo hall license. The resolution must have been adopted within 60 days of the date of application for the new or renewed permit or license.*

Sec. 38. Minnesota Statutes 1988, section 349.30, subdivision 2, is amended to read:

Subd. 2. "Gambling ~~devices" means slot machines, roulette wheels, punchboards, and pin ball machines which return coins or slugs, chips, or tokens of any kind, which are redeemable in merchandise or cash~~ *device" has the meaning given it in section 609.75, subdivision 4.*

Sec. 39. Minnesota Statutes 1988, section 349.31, is amended to read:

349.31 [GAMBLING DEVICE; POSSESSION OF.]

Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the *suspension or* revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for lawful gambling authorized by this chapter, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Subd. 2. [*SUSPENSION AND* REVOCATION OF LICENSES.] All licenses under which any licensed business is permitted to be carried on upon the licensed premises shall be *suspended or* revoked if the intentional possession or willful keeping of any such gambling devices upon the licensed premises is established, notwithstanding that it may not be made to appear that such devices have actually been used or operated for the purpose of gambling.

Sec. 40. Minnesota Statutes 1988, section 349.32, is amended to read:

349.32 [ISSUING AUTHORITY TO *SUSPEND OR* REVOKE.]

The proceedings for *suspension or* revocation ~~shall be had~~ *are held* before the issuing authority, which ~~shall have~~ *has the* power to *suspend or* revoke the license or licenses involved, as hereinafter provided.

Sec. 41. Minnesota Statutes 1988, section 349.34, is amended to read:

349.34 [PROCEEDINGS BEFORE ISSUING AUTHORITY; ORDER TO SHOW CAUSE.]

~~Upon the receipt of such information from any of the peace officers referred to in section 349.33, if any~~ *If an* issuing authority, *on receipt of information from a peace officer described in section 349.33,* is of the opinion that cause exists for the *suspension or* revocation of ~~any such~~ *a* license, ~~then that~~ *the* authority shall issue an order to show cause directed to the licensee of the premises, stating the ground upon which the proceeding is based and requiring the licensee to appear and show cause at a time and place, within the county in which the licensed premises are located,

not less than ten days after the date of the order, why the license should not be *suspended or* revoked. That order to show cause shall be served upon the licensee in the manner prescribed by law for the service of summons in a civil action, or by certified mail, not less than eight days before the date fixed for the hearing thereof. A copy of the order shall forthwith be mailed to the owner of the premises, as shown by the records in the office of the county recorder, at the owner's last known post office address. A copy of the order shall at the same time be mailed to any other issuing authority, of which the authority issuing the order to show cause has knowledge, by which other license to that licensee may have been issued, and any such other authority may participate in the *suspension or* revocation proceedings after notifying the licensee and the officer or authority holding the hearing of its intention so to do on or before the date of hearing, and after the hearing take such action as it could have taken had it instituted the *suspension or* revocation proceedings in the first instance.

Sec. 42. Minnesota Statutes 1988, section 349.35, subdivision 1, is amended to read:

Subdivision 1. [*SUSPENSION;* REVOCATION; STAY; APPEAL.] If, upon the hearing of the order to show cause, it appears that the licensee intentionally possessed or willfully kept upon the licensed premises any gambling device, then the license or licenses under which the licensed business is operated on the licensed premises, shall be *suspended or* revoked. The order of *suspension or* revocation shall not be enforced during the period allowed by section 349.39 for taking an appeal.

Sec. 43. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 [DUTIES OF COUNTY ATTORNEY.]

The county attorney of the county in which the hearing is held, *or the city attorney if the issuing authority is the city,* shall attend the hearing, interrogate the witnesses, ~~and~~ advise the issuing authority~~. The county attorney shall also~~, *and* appear for the issuing authority on any appeal taken pursuant to the provisions of section 349.39.

Sec. 44. Minnesota Statutes 1988, section 349.38, is amended to read:

349.38 [PROPERTY OWNERS LIABILITY.]

When a license is *suspended or* revoked under the provisions of sections 349.30 to 349.39, the owner of the premises upon which any licensed business has been operated shall not be penalized by reason thereof unless it is established that the owner had knowledge of the existence of the gambling devices resulting in license *suspension or* revocation.

Sec. 45. Minnesota Statutes 1988, section 349.39, is amended to read:

349.39 [APPEAL TO DISTRICT COURT; STAY; CONTINUANCE UNDER BOND; HEARING UPON ONE YEAR LIMITATION ON PREMISES.]

Any licensee, or any owner of licensed premises, aggrieved by an order of an issuing authority *suspending or* revoking any license may appeal from that order to the district court of the county in which the licensee resides by serving a notice of the appeal upon the issuing authority or the clerk thereof. The notice of appeal shall state that the person appealing takes an appeal to that district court from the order *suspending or* revoking the license or licenses, describing them and identifying the order appealed

from. This notice shall be served within 15 days from the date of service of the order appealed from, and the same, with proof of service thereof, shall be filed with the court administrator of the district court of the proper county. The appeal shall stand for trial at the next term of the district court following the filing of the notice of appeal, without the service of any notice of trial, and shall be tried in the district court de novo. The trial shall be by jury if the appellant shall so demand. The licensee may continue to operate the licensed business or businesses until the final disposition of such appeal. If the district court upon the appeal shall determine that any license involved in the appeal should be *suspended or* revoked, it may, nevertheless, in its discretion permit the continuance of the licensed business under a bond in the amount and in the form and containing the conditions prescribed by the court. The district court on the appeal, or in a separate proceeding, may permit the issuance of a new license to a different licensee before the expiration of the period of one year specified in section 349.35, subdivision 2, upon such terms and conditions imposed by the court as will insure that no gambling device shall thereafter be maintained upon the licensed premises.

Sec. 46. Minnesota Statutes 1988, section 349.50, subdivision 8, is amended to read:

Subd. 8. [VIDEO GAME OF CHANCE.] "Video game of chance" means games or devices that simulate games commonly referred to

as poker, blackjack, craps, hi-lo, roulette or other common gambling forms, though not offering any type of pecuniary award or gain to players. The term also includes any video game having one or more of the following characteristics:

(1) it is primarily a game of chance, and has no substantial elements of skill involved;

(2) it awards game credits or replays and contains a meter or device which records unplayed credits or replays ~~and contains a device that permits them to be canceled~~.

Sec. 47. Minnesota Statutes 1988, section 349.55, is amended to read:

349.55 [GAME SPECIFICATIONS.]

No payment may be made directly from any game or in connection with the operation of any device. Each game must contain a random character generator, and any internal meter must be nonresettable. ~~Any game canceling replays or credits must cancel them no more than one at a time.~~ *A video game of chance may not contain or have attached to it any switch, lever, button, or other device capable of canceling replays or credits in any way other than by playing the game offered by the machine. A video game of chance must be programmed and must operate in such a way that all credits accumulated on a game must automatically cancel within 60 seconds of the completion of a play. No person may cancel replays or credits on a video game of chance in any way other than by playing the game offered by the machine. A video game of chance may not be restarted after cancellation of all accumulated credits except on insertion of a coin.*

Sec. 48. [349.61] [REPEAL; TERMINATION OF LICENSES.]

Subdivision 1. [REPEAL.] *Section 1 and sections 349.50; 349.501; 349.502; 349.51; 349.52; 349.53; 349.54; 349.55; 349.56; 349.57; 349.58;*

349.59; and 349.60 are repealed January 1, 1992. All licenses issued under sections 349.51 and 349.52 in effect on that date expire on that date. The commissioner of finance shall on that date transfer all money in the video gaming license account to the general fund.

Subd. 2. [NOT TO AFFECT CERTAIN COMPACTS.] *Nothing in subdivision 1 is intended to affect the validity of any compact entered into before or after the effective date of this section between the state and the governing body of an Indian tribe that governs the conduct of any form of gambling on Indian lands.*

Sec. 49. Minnesota Statutes 1989 Supplement, section 349A.02, subdivision 5, is amended to read:

Subd. 5. [~~COMPENSATION~~ *INCENTIVE PLAN.*] ~~The compensation of employees in the division is as provided in chapter 43A.~~ *Subject to the provisions of section 43A.18, subdivision 1,* the ~~commissioner of employee relations~~ *director* may~~, at the request of the director,~~ develop and implement a plan for making incentive payments to employees of the division whose primary responsibilities are in marketing.

Sec. 50. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] (a) The director may not contract with a retailer who:

(1) is under the age of 18;

(2) is in business solely as a seller of lottery tickets;

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

(4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;

(5) is a member of the immediate family, residing in the same household, as the director, board member, or any employee of the division; ~~or~~

(6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery*; or*

(7) is a currency exchange, as defined in section 53A.01.

A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 51. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL HISTORY.] The director may request the director of gambling enforcement to investigate all applicants for lottery retailer contracts to determine their compliance with the requirements of subdivision 2. The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section. *The director has access to all criminal history data compiled by the director of gambling enforcement on any person (1) holding or applying for a retailer contract, (2) any person holding a lottery vendor contract or who has submitted a bid on such a contract, and (3) any person applying for employment with the lottery.*

Sec. 52. Minnesota Statutes 1988, section 609.75, subdivision 4, is amended to read:

Subd. 4. [GAMBLING DEVICE.] A gambling device is a contrivance which for a consideration affords the player an opportunity to obtain something of value, other than free plays, automatically from the machine or otherwise, the award of which is determined principally by chance. *"Gambling device" includes any video game of chance, as defined in section 349.50, subdivision 8, that is not in compliance with sections 349.50 to 349.60.*

Sec. 53. [TRANSPORTATION OF UNSTAMPED DEALS; APPLICABILITY.]

Until January 1, 1991, Minnesota Statutes, section 349.2127, subdivision 4, does not prevent the otherwise lawful transfer of gambling equipment to a licensed facility in Minnesota from a facility in an adjoining state which is owned and operated by the licensed Minnesota distributor who makes the transfer.

Sec. 54. [LEGISLATIVE FINDING.]

The legislature finds and determines that, because of (1) the difficulty of ensuring the security and integrity of pull-tabs when they are manufactured in another state, and (2) the enhanced inspection and regulation of the manufacture of pull-tabs, and the consequent enhancement of their security and integrity that would result from their manufacture in Minnesota, it is necessary and desirable that all pull-tabs sold in the state after June 30, 1992, be required to be manufactured in Minnesota.

Sec. 55. [REPEALER.]

(a) Minnesota Statutes 1988, sections 349.14; and 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4a; and Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2, are repealed.

(b) Minnesota Statutes 1989 Supplement, sections 349.20 and 349.21, are repealed.

(c) Laws 1989, First Special Session chapter 1, article 13, section 27, is repealed.

Sec. 56. [EFFECTIVE DATE.]

Section 55, paragraph (c), is effective the day following final enactment.

Sections 23; 25; 26; 28, subdivision 5; 47; and 55, paragraph (b), are effective January 1, 1991.

ARTICLE 2

PENALTY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 349.2125, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(11) any gambling equipment not in conformity with law or board rule.

Sec. 2. Minnesota Statutes 1989 Supplement, section 349.2125, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within ~~two~~ *ten* days after the seizure of any alleged contraband, the person making the seizure shall ~~deliver~~ *make available* an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner of revenue or the director of gambling enforcement. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of

whether the property was lawfully subject to seizure and forfeiture. Within ~~30~~ *60* days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved. When a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction as provided by law.

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

Sec. 3. Minnesota Statutes 1988, section 349.2125, subdivision 4, is amended to read:

Subd. 4. [DISPOSAL.] *(a)* The property described in subdivision 1, clauses (4) and (5), must be confiscated after conviction of the person from whom it was seized, upon compliance with the following procedure: the seizing authority shall file with the court a separate complaint against the property, describing it and charging its use in the specific violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served upon the defendant or person in charge of the property at the time of seizure, if any. If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the persons legally entitled to it. Upon conviction of the person arrested, the court shall issue an order directed to any person known or believed to have any right, title or interest in, or lien upon, any of the property, and to persons unknown claiming any right, title, interest, or lien in it, describing the property and (1) stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court, (2) requiring the persons to file with the court administrator their answer to the complaint, setting forth any claim they may have to any right or title to, interest in, or lien upon the property, within 30 days after the service of the order, and (3) notifying them in substance that if they fail to file their answer within the time, the property will be ordered sold by the seizing authority. The court shall cause the order to be served upon any person known or believed to have any right, title, interest, or lien as in the case of a summons in a civil action, and upon unknown persons by publication, as provided for service of summons in a civil action. If no answer is filed within the time prescribed, the court shall, upon affidavit by the court administrator, setting forth the fact, order the property sold by the seizing authority. *Seventy percent of* the proceeds of the sale~~, after deducting the expense of keeping the property and fees and costs of sale, must be paid into the state treasury and credited to the general fund~~ *of forfeited property, after payment of seizure, storage, forfeiture and sale expenses, must be forwarded to the seizing authority for deposit as a*

supplement to its operating fund or similar fund for official use, and 20 percent must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the proceeds must be forwarded within 60 days after resolution of the forfeiture to the department of human services to fund programs for the treatment of compulsive gamblers. If answer is filed within the time provided, the court shall fix a time for a hearing, which shall be not less than ten nor more than 30 days after the time for filing answer expires. At the time fixed for hearing, unless continued for cause, the matter shall be heard and determined by the court, without a jury, as in other civil actions.

(b) If the court finds that the property, or any part of it, was used in the violation specified in the complaint, it shall order the property unlawfully used, sold as provided by law, unless the owner shows to the satisfaction of the court that the owner had no notice or knowledge or reason to believe that the property was used or intended to be used in the violation. The officer making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established at the hearing as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation specified in the order of the court, and shall pay the balance of the proceeds ~~into the state treasury to be credited to the general fund~~ *to the seizing authority for official use and sharing in the manner provided in paragraph (a).* A sale under this section shall free the property sold from any and all liens on it. Appeal from the order of the district court will lie as in other civil cases. At any time after seizure of the articles specified in this subdivision, and before the hearing provided for, the property must be returned to the owner or person having a legal right to its possession, upon execution of a good and valid bond to the state, with corporate surety, in the sum of not less than $100 and not more than double the value of the property seized, to be approved by the court in which the case is triable, or a judge of it, conditioned to abide any order and the judgment of the court, and to pay the full value of the property at the time of the seizure. The seizing authority may dismiss the proceedings outlined in this subdivision when the seizing authority considers it to be in the ~~best interests of the state~~ *public interest* to do so.

Sec. 4. Minnesota Statutes 1988, section 349.2127, subdivision 1, is amended to read:

Subdivision 1. [COUNTERFEITING.] ~~No~~ *A* person ~~shall~~ *is guilty of a felony who,* with intent to defraud the state, ~~make~~ *makes*, ~~alter~~ *alters*, ~~forge~~ *forges*, or ~~counterfeit~~ *counterfeits* any license or stamp provided for in this chapter, or ~~have~~ *has* in possession any forged, spurious, or altered stamps, with the intent, or with the result of, depriving the state of the tax imposed by this chapter.

Sec. 5. Minnesota Statutes 1988, section 349.2127, is amended by adding a subdivision to read:

Subd. 1a. [UNLAWFUL EXPENDITURES.] *(a) A person who knowingly or with reason to know makes an unlawful expenditure of gross profits from lawful gambling is guilty of a crime and may be sentenced as provided in this subdivision.*

(b) If the unlawful expenditure is of $200 or less, the penalty in section

349.22, subdivision 1, applies.

(c) If the unlawful expenditure is of more than $200 but not more than $2,500, the person is guilty of a gross misdemeanor.

(d) If the unlawful expenditure is of more than $2,500, the person is guilty of a felony.

(e) For purposes of this subdivision, expenditures made within a six-month period may be aggregated and the defendant charged accordingly.

Sec. 6. Minnesota Statutes 1989 Supplement, section 349.2127, subdivision 2, is amended to read:

Subd. 2. [PROHIBITION AGAINST POSSESSION.] (a) ~~No~~ *A* person, other than a licensed distributor, ~~shall sell, offer~~ *is guilty of a crime who sells, offers* for sale, or ~~have in possession with intent to sell or offer for sale,~~ *possesses* a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter. *A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.*

(b) ~~No~~ *A* person, other than a licensed distributor or ~~licensed or exempt~~ *an* organization ~~under section 349.214 may possess with the intent to sell or offer~~ *licensed or exempt or excluded from licensing under this chapter, is guilty of a crime who sells, offers* to sell, *or possesses* gambling equipment~~, except (1) equipment exempt from taxation, or (2) equipment put into play by a licensed or exempt organization~~. *A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.*

(c) ~~No~~ *A* person, firm, or organization ~~may possess~~ *is guilty of a crime who alters, modifies, or counterfeits pull-tabs, tipboards, or tipboard tickets, or possesses* altered, modified, or counterfeit pull-tabs ~~or~~, *tipboards, or* tipboard tickets ~~with intent to sell, redeem, or exchange them~~. *A violation of this paragraph is a gross misdemeanor if the total face value for all such pull-tabs, tipboards, or tipboard tickets does not exceed $200. A violation of this paragraph is a felony if the total face value exceeds $200. For purposes of this paragraph, the face value of all pull-tabs, tipboards, and tipboard tickets altered, modified, or counterfeited within a six-month period may be aggregated and the defendant charged accordingly.*

Sec. 7. Minnesota Statutes 1988, section 349.2127, subdivision 3, is amended to read:

Subd. 3. [~~FALSIFICATION OF RECORDS~~ *FALSE INFORMATION.*] ~~No~~ *(a) A* person *is guilty of a felony if the person is* required by section 349.2121, subdivision 2, to keep records or to make returns ~~shall falsify or fail~~ *and falsifies or fails* to keep the records or ~~falsify or fail~~ *falsifies or fails* to make the returns.

(b) A person is guilty of a felony who:

(1) knowingly submits materially false information in any license application or other document or communication submitted to the board; or

(2) knowingly submits materially false information in any report, document, or other communication submitted to the commissioner of revenue in connection with lawful gambling or with any provision of this chapter.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 349.2127, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTING UNSTAMPED DEALS.] ~~No~~ *A* person ~~shall transport~~ *is guilty of a gross misdemeanor who transports* into, or ~~receive~~ *receives*, ~~carry~~ *carries*, or ~~move~~ *moves* from place to place in this state, any deals of pull-tabs or tipboards not stamped in accordance with this chapter except in the course of interstate commerce. *A person is guilty of a felony who violates this subdivision with respect to more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.*

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 349.2127, subdivision 5, is amended to read:

Subd. 5. [PROVIDING INFORMATION.] ~~No~~ *(a) An* employee of an organization ~~shall~~ *may not* provide any information to a player that would provide an unfair advantage to the player related to the potential winnings of any lawful gambling activity. ~~For purposes of this subdivision, "employee" includes a volunteer.~~

(b) An employee may not provide, and a person may not receive, with expectation of pecuniary gain to either, any information that would provide an unfair advantage to the recipient of the information related to the potential winnings of any lawful gambling activity. A person who violates this paragraph is guilty of a gross misdemeanor. A person who violates this paragraph within five years after a previous conviction under this paragraph is guilty of a felony.

(c) For purposes of this subdivision, "employee" includes a volunteer.

Sec. 10. Minnesota Statutes 1988, section 349.2127, is amended by adding a subdivision to read:

Subd. 6. [CHECKS FOR GAMBLING PURCHASES.] *An organization may not accept checks in payment for the purchase of any gambling equipment or for the chance to participate in any form of lawful gambling.*

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.22, subdivision 1, is amended to read:

Subdivision 1. [~~GROSS MISDEMEANOR~~ *PENALTY.*] *(a) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a misdemeanor.*

(b) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under any provision of sections 349.11 to 349.23.

(c) A person who in any manner violates sections 349.11 to 349.23 to evade a tax imposed by a provision of this chapter, or who aids and abets *the* evasion of a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 349.2125, is guilty of a gross misdemeanor.

Sec. 12. Minnesota Statutes 1988, section 349.22, is amended by adding

a subdivision to read:

Subd. 3a. [AGGREGATION.] *When the value of prizes or pull-tabs received within a six-month period is aggregated under this section and two or more offenses were committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this section.*

Sec. 13. Minnesota Statutes 1989 Supplement, section 349.501, subdivision 1, is amended to read:

Subdivision 1. [TO THE PUBLIC.] An operator must prominently post in the owner's business premises a brief description of the legal consequences of awarding *or receiving* cash instead of game credits or replays on video games of chance in violation of ~~section~~ *sections* 349.502 *and 609.76, subdivision 1*.

The information is prominently posted if it can be readily seen by a player immediately before the player participates in the video game of chance.

Sec. 14. Minnesota Statutes 1989 Supplement, section 349.502, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] A person who ~~awards or~~ receives ~~cash instead of game credits or~~ *anything of value other than* replays on a video game of chance is guilty of a misdemeanor. ~~An owner who directs an employee to violate this section is also considered to have violated this section. For purposes of this subdivision "cash" includes checks.~~

Sec. 15. Minnesota Statutes 1988, section 349.52, is amended by adding a subdivision to read:

Subd. 5. [LOCAL REGULATION.] *A statutory or home rule charter city or county has the authority to adopt more stringent regulations concerning video games of chance, including regulations prohibiting video games of chance within its jurisdiction.*

Sec. 16. Minnesota Statutes 1988, section 349.59, subdivision 1, is amended to read:

Subdivision 1. [PACKAGES DECLARED TO BE CONTRABAND.] The following are declared to be contraband:

(1) all video games of chance which do not have a licensing stamp affixed to them and all containers that contain contraband video games of chance;

(2) all video games of chance to which the commissioner or designated representatives have been denied access for the inspection of contents. In lieu of seizure, the commissioner or designated representatives may seal the game to prevent its use until inspection of contents is permitted;

(3) all video games of chance at a location at which there is no location agreement in force; ~~and~~

(4) all video games of chance illegally brought into the state; *and*

(5) all video games of chance that do not conform to the game specifications contained in section 349.55.

Sec. 17. Minnesota Statutes 1989 Supplement, section 609.76, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] *(a)* Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both:

(1) maintains or operates a gambling place or operates a bucket shop;

(2) intentionally participates in the income of a gambling place or bucket shop;

(3) conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so;

(4) sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop;

(5) with intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40;

(6) receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so; or

(7) pays any compensation for game credits earned on or otherwise rewards, *with anything of value other than free plays,* players of video games of chance as defined ~~under~~ *in* section 349.50, subdivision 8, *or who directs an employee to pay any such compensation or reward.*

(b) On conviction of a person for the crime established in paragraph (a), clause (7), the court shall impose a fine of not less than $700.

Sec. 18. [REPEALER.]

Minnesota Statutes 1989 Supplement, sections 349.22, subdivision 3; and 349.502, subdivision 2, are repealed.

Sec. 19. [EFFECTIVE DATE; APPLICATION.]

Sections 1 to 18 are effective August 1, 1990. Sections 4 to 12, 14, 17, and 18 apply to violations committed on or after that date."

Delete the title and insert:

"A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations, distributors, and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses; requiring pull-tabs to be manufactured in Minnesota; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; prescribing specifications for video games of chance and terminating all licenses for video games of chance on January 1, 1992; regulating incentive payments to lottery employees; prescribing qualifications for lottery retailers; increasing penalties for violations of lawful gambling statutes; providing for the disposal of seized gambling equipment; amending Minnesota Statutes 1988, sections 349.12, by adding subdivisions; 349.16; 349.17; 349.18; 349.19; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions;

349.22, by adding a subdivision; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.55; 349.59, subdivision 1; 609.75, subdivision 4; 349.59, subdivision 1; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding subdivisions; 349.12, subdivisions 11 and 12; 349.15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161; 349.162; 349.163; 349.164; 349.212, subdivision 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.213; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 349A.02, subdivision 5; 349A.06, subdivisions 2 and 4; 609.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 299L; 349 repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivision 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; 349.502, subdivision 2; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2; Laws 1989 First Special Session, chapter 1, article 13, section 27."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Marilyn M. Lantry, A. W. "Bill" Diessner, Ember D. Reichgott, Clarence M. Purfeerst,

House Conferees: (Signed) Joe Quinn, Dee Long, Dick Kostohryz, John Himle, Jerry Janezich

CALL OF THE SENATE

Mrs. Lantry imposed a call of the Senate for the balance of the proceedings on S.F. No. 2018. The Sergeant at Arms was instructed to bring in the absent members.

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2018 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2018 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 35 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	Moe, D.M.	Pogemiller
Berg	Dicklich	Johnson, D.J.	Moe, R.D.	Purfeerst
Berglin	Flynn	Kroening	Morse	Reichgott
Chmielewski	Frank	Langseth	Novak	Schmitz
Cohen	Frederickson, D.J.	Lantry	Pehler	Spear
Dahl	Freeman	Luther	Peterson, R.W.	Stumpf
Davis	Gustafson	Marty	Piper	Waldorf

Those who voted in the negative were:

Anderson	Brataas	Knutson	Merriam	Renneke
Beckman	Decker	Laidig	Metzen	Storm
Belanger	Frederick	Larson	Olson	Vickerman
Benson	Frederickson, D.R.	Lessard	Pariseau	
Bernhagen	Johnson, D.E.	McGowan	Piepho	
Bertram	Knaak	McQuaid	Ramstad	

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1807 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1807

A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

April 23, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1807, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1807 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1989 Supplement, section 373.40, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS ON AMOUNT.] A county, other than ~~Hennepin or~~ Ramsey, may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed 0.05367 percent of taxable market value of property in the county. Ramsey county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed 0.06455 percent of taxable market value of property in the county. ~~Hennepin county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section together with the bonds proposed to be issued, will equal or exceed 0.02684 percent of taxable market value of the property in the county.~~ Calculation of the limit must be made using the taxable market value for the taxes payable year in which the obligations are issued and sold. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 373.40,

subdivision 6, is amended to read:

Subd. 6. [BUILDING FUND LEVY.] (a) If a county other than ~~Hennepin or~~ Ramsey has an approved capital improvement plan, the county board may annually levy 0.05367 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section. ~~If the Hennepin county board has an approved capital improvement plan, the county board may annually levy 0.02684 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section.~~ If the Ramsey county board has an approved capital improvement plan, the county board may annually levy 0.06455 percent of taxable market value, less the amount levied to pay principal and interest on bonds issued under this section. The proceeds of this levy must be deposited in the county building fund under section 373.25 and may only be expended for capital improvements as provided in the approved capital improvement plan.

(b) The maximum amount of the levy, when added to the unexpended balance in the building fund, must not exceed the projected cost of the remaining improvements in the capital improvement plan. A levy made under this section is not subject to any other levy limitation, nor may the levy be included in the computation of any other levy limitation.

(c) This subdivision and the exercise of levy authority under it does not supersede or preempt the authority to levy under section 373.25 or any other law.

Sec. 3. Laws 1989, chapter 245, section 1, is amended to read:

Section 1. [HENNEPIN COUNTY; PUBLIC SAFETY BUILDING BONDS.]

Hennepin county may issue and sell general obligation bonds of the county in an amount not exceeding $20,000,000 to finance land acquisition planning, design, site preparation, and other preliminary work for the construction of a public safety building and related facilities. The obligations shall be issued in accordance with Minnesota Statutes, chapter 475, except that their issuance is not subject to approval by the electors under section 475.58. The obligations issued under this section and the property taxes levied to pay the obligations ~~shall not~~ *must* be included in the calculation of Hennepin county's bond and building fund levy limitation under Minnesota Statutes, section 373.40.

Sec. 4. [HENNEPIN COUNTY; PUBLIC SAFETY FACILITY PLANNING PROCESS.]

Hennepin county may not issue and sell obligations to finance the acquisition and construction of a public safety building and related facilities until the board of county commissioners of Hennepin county has entered into a planning process which must include:

(1) comparative analysis of alternative sites, including but not limited to: site preparation factors, proximity to the county courthouse, potential construction or legal delays for each site, and integration into the long-range physical plan for the city of Minneapolis;

(2) programmatic plans relating to physical structure, construction, and operational costs; and

(3) continued use of the current jail facilities for correctional purposes

for a period of at least ten years.

The planning process must include at least one public hearing. The board of county commissioners and the city council must cooperate in the analysis and planning process described in clause (1). The planning process must be completed by September 1, 1990. If the city refuses to cooperate by engaging in a good faith effort to analyze the public costs and benefits of alternative sites for both the county and city, the county may proceed to issue and sell the bonds notwithstanding this subdivision.

Sec. 5. [HENNEPIN COUNTY; PUBLIC SAFETY FACILITY BONDS.]

Notwithstanding Minnesota Statutes, section 373.40, subdivision 7, Hennepin county may issue bonds under Minnesota Statutes, section 373.40, until July 1, 1995, to finance the acquisition and construction of a public safety building and related facilities.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to Hennepin county; increasing and extending certain capital improvement bonding authority for Hennepin county; requiring a planning process; amending Minnesota Statutes 1989 Supplement, section 373.40, subdivision 4; Minnesota Statutes Second 1989 Supplement, section 373.40, subdivision 6; Laws 1989, chapter 245, section 1."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Michael O. Freeman, Gen Olson, Lawrence J. Pogemiller

House Conferees: (Signed) Bill Schreiber, Peter McLaughlin, Sally Olsen

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1807 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1807 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended by the Conference Committee, was repassed and

its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2160 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2160

A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

April 23, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2160, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2160 be further amended as follows:

Page 2, line 35, delete "*and require*"

Page 7, after line 27, insert:

"Sec. 14. [EFFECTIVE DATE.]

This act is effective July 1, 1990."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gene Merriam, Dennis R. Frederickson, Bob Lessard

House Conferees: (Signed) Ken Nelson, Jerry J. Bauerly, Dennis Ozment

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2160 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2160 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2126 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2126

A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters

18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

April 23, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2126, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2126 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 18B.14, subdivision 2, is amended to read:

Subd. 2. [BULK PESTICIDE STORAGE.] (a) A person storing pesticides in containers of a rated capacity of 500 gallons or more *for more than ten consecutive days at a bulk pesticide storage facility* must obtain a pesticide storage permit from the commissioner *as required by rule*.

(b) Applications must be on forms provided by the commissioner containing information established by rule. The initial application for a permit must be accompanied by a nonrefundable application fee of $100 for each location where the pesticides are stored. *An application for a facility that includes both fertilizers as regulated under chapter 18C and bulk pesticides as regulated under this chapter shall pay only one application fee of $100.*

(c) The commissioner shall by rule develop and implement a program to regulate bulk pesticides. The rules must include installation of secondary containment devices, storage site security, safeguards, notification of storage site locations, criteria for permit approval, a schedule for compliance, and other appropriate requirements necessary to minimize potential adverse effects on the environment. The rules must conform with existing rules of the pollution control agency.

(d) A person must obtain a permit from the commissioner on forms provided by the commissioner before the person constructs or substantially alters a bulk pesticide storage facility. If an application is incomplete the commissioner must notify the applicant as soon as possible. The permit must be acted upon within 30 days after receiving a completed application.

(e) An application to substantially alter a facility must be accompanied by a $50 fee. An application for a facility that includes both fertilizers regulated under chapter 18C and bulk pesticides regulated under this chapter shall pay only one application fee of $50.

(f) An additional application fee of $250 must be paid by an applicant who begins construction of, or substantially alters, a bulk pesticide storage facility before a permit is issued by the commissioner. The fee under this paragraph may not be charged if the permit is not acted upon within 30 days after receiving a completed application.

Sec. 2. Minnesota Statutes 1989 Supplement, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for *calendar year* 1990 and at one-fifth of one percent thereafter of annual gross sales within the state *and annual gross sales of pesticides used in the state*, with a minimum *nonrefundable* fee of $150 *plus an additional one-tenth of one percent for each pesticide for which the United States Environmental Protection Agency, Office of Water, has published a Health Advisory Summary by December 1 of the previous year. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors.* A registrant paying more than the minimum fee shall pay the ~~application fee in quarterly installments~~ *balance due* by ~~30 days after the end of each calendar quarter~~ *March 1* based on the gross sales of the pesticide by the registrant for the preceding calendar ~~quarter~~ *year*. The fee for disinfectants and sanitizers is $150. *The minimum fee is due by December 31 preceding the year for which the application for registration is made.* Of the amount collected after ~~July 1,~~ *calendar year* 1990, $600,000 per year must be credited to the waste pesticide account under section 18B.065, subdivision 5, *and the additional amount collected for pesticides with Health Advisory Summaries shall be credited to the agricultural project utilization account under section 116O.13 to be used for pesticide use reduction grants by the agricultural utilization research institute.*

(b) An additional fee of $100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed ~~at the time of payment of the~~ *by March 1 for the previous year's* registration ~~application fee~~. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 3. Minnesota Statutes 1988, section 18B.27, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] An application fee for a special local need registration must be accompanied by a nonrefundable fee of ~~$125~~ *$150*.

Sec. 4. Minnesota Statutes 1988, section 18B.28, subdivision 4, is amended

to read:

Subd. 4. [APPLICATION FEE.] (a) An application for registration of an experimental use pesticide product must be accompanied by a nonrefundable application fee of ~~$125~~ *$150*.

(b) An additional fee of $200 must be paid by the applicant for each pesticide distributed or used in the state before an initial experimental use pesticide product registration was issued for the pesticide.

Sec. 5. Minnesota Statutes 1989 Supplement, section 18C.205, subdivision 2, is amended to read:

Subd. 2. [PERMIT REQUIRED.] A person may not apply fertilizers through an irrigation system without a chemigation permit from the commissioner. A chemigation permit is required for one or more wells *or other sources of irrigation water* that are protected from contamination by the same devices *as required by rule*.

Sec. 6. Minnesota Statutes 1989 Supplement, section 18C.305, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION PERMIT.] A person must obtain a permit from the commissioner on forms provided by the commissioner before the person constructs or substantially alters:

(1) safeguards; or

(2) an existing facility used for the ~~manufacture, blending~~ *distribution*, handling, or bulk storage of fertilizers, soil amendments, or plant amendments. The commissioner may not grant a permit for a site without safeguards that are adequate to prevent the escape or movement of the fertilizers from the site.

Sec. 7. Minnesota Statutes 1989 Supplement, section 18D.103, subdivision 1, is amended to read:

Subdivision 1. [REPORT TO COMMISSIONER.] A responsible party or an owner of real property must, on discovering an incident has occurred, immediately report the incident to the commissioner. *The responsible party must immediately take all reasonable action necessary to minimize or abate the incident and to recover any agricultural chemicals involved in the incident with or without a directive from the commissioner.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 18D.321, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE REVIEW.] If a person notifies the commissioner that the person intends to contest an order issued under this chapter, the state office of administrative hearings shall conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases. *For contested corrective action orders, the state office of administrative hearings shall conduct an administrative hearing not later than 14 days after notification that a corrective action order is contested.*

Sec. 9. [18D.323] [CREDITING OF PENALTIES, FEES, AND COSTS.]

Except for money repaid to the agricultural chemical response and reimbursement account under section 18E.04, subdivision 6, penalties, cost reimbursements, fees, and other moneys collected under this chapter must be deposited into the state treasury and credited to the appropriate pesticide or fertilizer regulatory account.

Sec. 10. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 3, is amended to read:

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~~ *an unencumbered* 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 18E.04.

(b) The commissioner shall determine the response and reimbursement fee so that the *total* balance in the account does not exceed $5,000,000.

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

Sec. 11. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 4, is amended to read:

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~~ *March 1, 1991*.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state *and sales of pesticides* for use in the state during the ~~previous calendar quarter~~ *period April 1, 1990, through December 31, 1990*, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. *The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.*

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, 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 sections 18C.415 and 18C.425;

(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.

(f) A $1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than $2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

(g) Paragraphs (c) to (f) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 12. Minnesota Statutes 1989 Supplement, section 18E.03, subdivision 5, is amended to read:

Subd. 5. [FEE AFTER 1990.] (a) The response and reimbursement fee *for calendar years* after ~~December 31,~~ *calendar year* 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 *and imposed annually as required* under subdivision 3. The amount of the surcharges shall be proportionate to ~~and may not exceed~~ 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 application fee under section 18B.26, subdivision 3, as a percent of *gross* sales of the pesticide in the state *and sales of the pesticide* for use in the state during the previous calendar ~~quarter~~ *year*, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. *The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision*

3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale locations and the distributors.

(c) The commissioner shall impose a fee per ton surcharge on the inspection fee under section 18C.425, 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 sections 18C.415 and 18C.425;

(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.

(f) A $1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than $2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

Sec. 13. Minnesota Statutes 1989 Supplement, section 18E.03, is amended by adding a subdivision to read:

Subd. 7. [APPROPRIATION AND REIMBURSEMENT.] *The amount of the response and reimbursement fee imposed under subdivisions 3 to 5 is appropriated from the general fund to the agricultural chemical response and reimbursement account to be reimbursed when the fee is collected.*

Sec. 14. Minnesota Statutes 1989 Supplement, section 18E.04, subdivision 1, is amended to read:

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 board determines:

(1) *the eligible person takes all reasonable action necessary to minimize and abate an incident and the action is subsequently approved by the commissioner;*

(2) the eligible person complies with any reasonable requests for corrective action issued to the eligible person by the commissioner;

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

~~(2)~~ *(4)* the incident was reported as required in chapters 18B, 18C, and 18D.

Sec. 15. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. [FINANCIAL ASSISTANCE.] The board may award grants to counties only to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants may be used to employ persons and to obtain and use information necessary to:

(1) develop comprehensive local water plans under ~~section~~ *sections* 110B.04 *and 473.8785* that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a); and

(2) implement comprehensive local water plans.

Sec. 16. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 2, is amended to read:

Subd. 2. [BORING.] "Boring" means a hole or excavation that is not used to extract water and includes exploratory borings~~,~~ *and* environmental bore holes~~, and test holes~~.

Sec. 17. Minnesota Statutes 1989 Supplement, section 103I.005, is amended by adding a subdivision to read:

Subd. 4a. [DEWATERING WELL.] *"Dewatering well" means a nonpotable well used to lower groundwater levels to allow for construction or use of underground space. A dewatering well does not include:*

(1) a well or dewatering well 25 feet or less in depth for temporary dewatering during construction; or

(2) a well used to lower groundwater levels for control or removal of groundwater contamination.

Sec. 18. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 8, is amended to read:

Subd. 8. [ENVIRONMENTAL BORE HOLE.] "Environmental bore hole" means a hole or excavation in the ground *that penetrates a confining layer or is greater than 25 feet in depth and* ~~that~~ enters or goes through a water bearing layer and is used to monitor or measure physical, chemical, radiological, or biological parameters without extracting water. An environmental bore hole also includes bore holes constructed for vapor recovery or venting systems. An environmental bore hole does not include a well, elevator

shaft, exploratory boring, or monitoring well.

Sec. 19. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 9, is amended to read:

Subd. 9. [EXPLORATORY BORING.] "Exploratory boring" means a surface drilling done to explore or prospect for oil, natural gas, *kaolin clay,* and metallic minerals, including iron, copper, zinc, lead, gold, silver, titanium, vanadium, nickel, cadmium, molybdenum, chromium, manganese, cobalt, zirconium, beryllium, thorium, uranium, aluminum, platinum, palladium, radium, tantalum, tin, and niobium, and a drilling or boring for petroleum.

Sec. 20. Minnesota Statutes 1989 Supplement, section 103I.005, subdivision 16, is amended to read:

Subd. 16. [PERSON.] "Person" means an individual, firm, partnership, association, or corporation *or other entity including the United States government, any interstate body, the state, and any agency, department, or political subdivision of the state.*

Sec. 21. Minnesota Statutes 1989 Supplement, section 103I.101, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The commissioner shall:

(1) regulate the drilling, construction, and sealing of wells *and borings*;

(2) examine and license well contractors, persons modifying or repairing well casings, well screens, or well diameters; constructing, *repairing, and sealing* unconventional wells such as drive point wells or dug wells; *constructing, repairing, and sealing dewatering wells;* sealing wells; installing well pumps or pumping equipment; and excavating or drilling holes for the installation of elevator shafts or hydraulic cylinders;

(3) register and examine monitoring well contractors;

(4) license explorers engaged in exploratory boring and examine individuals who supervise or oversee exploratory boring;

(5) after consultation with the commissioner of natural resources and the pollution control agency, establish standards for the design, location, construction, repair, and sealing of wells ~~and~~, elevator shafts, *and borings* within the state; and

(6) issue permits for wells, groundwater thermal devices, vertical heat exchangers, and excavation for holes to install elevator shafts or hydraulic cylinders.

Sec. 22. Minnesota Statutes 1989 Supplement, section 103I.101, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER TO ADOPT RULES.] The commissioner shall adopt rules including:

(1) issuance of licenses for:

(i) qualified well contractors, persons modifying or repairing well casings, well screens, or well diameters;

(ii) persons constructing, *repairing, and sealing* unconventional wells such as drive points or dug wells;

(iii) *persons constructing, repairing, and sealing dewatering wells;*

(iv) persons sealing wells; and

~~(iv)~~ *(v)* persons installing well pumps or pumping equipment and excavating holes for installing elevator shafts or hydraulic cylinders;

(2) issuance of registration for monitoring well contractors;

(3) establishment of conditions for examination and review of applications for license and registration;

(4) establishment of conditions for revocation and suspension of license and registration;

(5) establishment of minimum standards for design, location, construction, repair, and sealing of wells to implement the purpose and intent of this chapter;

(6) establishment of a system for reporting on wells drilled and sealed;

(7) modification of fees prescribed in this chapter, according to the procedures for setting fees in section 16A.128;

(8) establishment of standards for the construction, maintenance, sealing, and water quality monitoring of wells in areas of known or suspected contamination, for which the commissioner may adopt emergency rules;

(9) establishment of wellhead protection measures for wells serving public water supplies;

(10) establishment of procedures to coordinate collection of well data with other state and local governmental agencies; and

(11) establishment of criteria and procedures for submission of well logs, formation samples or well cuttings, water samples, or other special information required for geologic and water resource mapping.

Sec. 23. Minnesota Statutes 1989 Supplement, section 103I.101, subdivision 6, is amended to read:

Subd. 6. [FEES FOR VARIANCES.] The commissioner shall charge a nonrefundable application fee of ~~$150~~ *$100* to cover the administrative cost of processing a request for a variance or modification of rules under Minnesota Rules, ~~part 4725.0400, and for a variance relating to well construction, the nonrefundable application fee shall be the same amount as the well permit fee~~ *chapter 4725, for wells and borings.*

Sec. 24. Minnesota Statutes 1989 Supplement, section 103I.111, is amended by adding a subdivision to read:

Subd. 2a. [FEES.] *A board of health under a delegation agreement with the commissioner may charge permit and notification fees in excess of the fees specified in section 103I.208 if the fees do not exceed the total direct and indirect costs to administer the delegated duties.*

Sec. 25. Minnesota Statutes 1989 Supplement, section 103I.111, is amended by adding a subdivision to read:

Subd. 2b. [ORDINANCE AUTHORITY.] *A political subdivision may adopt ordinances to enforce and administer powers and duties delegated under this section. The ordinances may not conflict with or be less restrictive than standards in state law or rule. Ordinances adopted by the governing body of a statutory or home rule charter city or town may not conflict with or be less restrictive than ordinances adopted by the county*

board.

Sec. 26. Minnesota Statutes 1989 Supplement, section 103I.111, subdivision 5, is amended to read:

Subd. 5. [LOCAL GOVERNMENT REGULATION OF OPEN WELLS AND RECHARGING BASINS.] (a) The governing body of a county, municipality, statutory or home rule charter city, or town may regulate open wells and recharging basins *in a manner not inconsistent with this chapter and rules* and may provide penalties for the violations. The use or maintenance of an open well or recharging basin that endangers the safety of a considerable number of persons may be defined as a public nuisance and abated as a public nuisance.

(b) The abatement of the public nuisance may include covering the open well or recharging basin or surrounding the open well or recharging basin with a protective fence.

Sec. 27. [103I.112] [FEE EXEMPTIONS FOR STATE AND LOCAL GOVERNMENT.]

(a) The commissioner may not charge fees required under this chapter to a state agency or a local unit of government or to a subcontractor performing work for the state agency or local unit of government.

(b) "Local unit of government" means a statutory or home rule charter city, town, county, or soil and water conservation district, watershed district, an organization formed for the joint exercise of powers under section 471.59, a local health board, or other special purpose district or authority with local jurisdiction in water and related land resources management.

Sec. 28. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIRED.] (a) Except as provided in paragraphs (d) and (e), a person may not construct a well until a notification of the proposed well on a form prescribed by the commissioner is filed with the commissioner with the filing fee in section 103I.208. If after filing the well notification an attempt to construct a well is unsuccessful, a new notification is not required unless the information relating to the successful well has substantially changed.

(b) The property owner, *the property owner's agent, or the well contractor* where a well is to be located must file the well notification with the commissioner.

(c) The well notification under this subdivision preempts local permits and notifications, and counties or home rule charter or statutory cities may not require a permit or notification for wells.

(d) ~~The owner of a drive point well~~ *A person who is an individual that constructs a drive point well on property owned or leased by the individual for farming or agricultural purposes or as the individual's place of abode* must notify the commissioner of the installation and location of the well. The ~~owner~~ *person* must complete the notification form prescribed by the commissioner and mail it to the commissioner by ten days after the well is completed. A fee may not be charged for the notification. A person who sells drive point wells at retail must provide buyers with notification forms and informational materials including requirements regarding wells, their location, construction, and disclosure. The commissioner must provide the

notification forms and informational materials to the sellers.

(e) A person may not construct a monitoring well or dewatering well until a permit for the monitoring well is issued by the commissioner for the construction. If after obtaining a permit an attempt to construct a well is unsuccessful, a new permit is not required as long as the initial permit is modified to indicate the location of the successful well.

Sec. 29. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 2, is amended to read:

Subd. 2. [EMERGENCY PERMIT *AND NOTIFICATION* EXEMPTIONS.] The commissioner may adopt rules that modify the procedures for filing a well notification *or well permit* if conditions occur that:

(1) endanger the public health and welfare or cause a need to protect the groundwater; or

(2) require the monitoring well contractor, *limited well contractor,* or well contractor to begin constructing a well before obtaining a permit *or notification*.

Sec. 30. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 4, is amended to read:

Subd. 4. [LICENSE REQUIRED.] (a) Except as provided in paragraph (b), (c), (d), or (e), a person may not drill, construct, or repair a well unless the person has a well contractor's license in possession.

(b) A person may construct a monitoring well if the person is a professional engineer registered under sections 326.02 to 326.15 in the branches of civil or geological engineering, or hydrologists or hydrogeologists certified by the American Institute of Hydrology, any professional engineer registered with the board of architecture, engineering, land surveying, or landscape architecture, or a geologist certified by the American Institute of Professional Geologists, and registers with the commissioner as a monitoring well contractor on forms provided by the commissioner.

(c) A person may do the following work with a limited well contractor's license in possession. *A separate license is required for each of the five activities*:

(1) ~~modify~~ *installing* or ~~repair~~ *repairing* well ~~casings or well~~ screens *or pitless units or pitless adaptors and well casings from the the pitless adaptor or pitless unit to the upper termination of the well casing*;

(2) ~~construct~~ *constructing, repairing, and sealing* drive point wells *or dug wells*; ~~or~~

(3) ~~install~~ *installing* well pumps or pumping equipment;

(4) sealing wells; or

(5) constructing, repairing, or sealing dewatering wells.

(d) ~~A person may do the following work with a limited well sealing contractor's license in possession:~~

~~(1) modify or repair well casings or well screens;~~

~~(2) construct drive point wells;~~

~~(3) install well pumps or pumping equipment; or~~

~~(4) seal wells.~~

~~(c)~~ Notwithstanding other provisions of this chapter requiring a license, a license is not required for a person who complies with the other provisions of this chapter if the person is:

(1) an individual who constructs a well on land that is owned or leased by the individual and is used by the individual for farming or agricultural purposes or as the individual's place of abode; or

(2) an individual who performs labor or services for a well contractor in connection with the construction or repair of a well or sealing a well at the direction and at the personal supervision of a well contractor.

Sec. 31. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 5, is amended to read:

Subd. 5. [AT-GRADE MONITORING WELLS.] At-grade monitoring wells are authorized *without variance* and may be installed for the purpose of evaluating groundwater conditions or for use as a leak detection device. ~~The~~ *An* at-grade ~~completion~~ *monitoring well* must ~~comply~~ *be installed in accordance* with *the* rules of the commissioner. The at-grade monitoring wells must be installed with an impermeable double locking cap *approved by the commissioner* and must be labeled monitoring wells.

Sec. 32. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 6, is amended to read:

Subd. 6. [DISTANCE REQUIREMENTS FOR SOURCES OF CONTAMINATION.] *(a)* A person may not place, construct, or install an actual or potential source of contamination any closer to a well than the isolation distances prescribed by the commissioner by rule unless a variance has been prescribed by rule.

(b) The commissioner shall establish by rule reduced isolation distances for facilities which have safeguards in accordance with sections 18B.01, subdivision 26, and 18C.005, subdivision 29.

Sec. 33. Minnesota Statutes 1989 Supplement, section 103I.205, subdivision 8, is amended to read:

Subd. 8. [MONITORING ~~WELL CONTRACT REQUIREMENT~~ *WELLS ON PROPERTY OF ANOTHER.*] A person may not construct a monitoring well *on the property of another* until the owner of the property on which the well is *to be* located and the well owner sign a written ~~contract~~ *agreement* that ~~describes the nature of the work to be performed, the estimated cost of the work, and provisions~~ *identifies which party will be responsible for obtaining maintenance permits and* for sealing the monitoring well. *If the property owner refuses to sign the agreement, the well owner may, in lieu of a written agreement, state in writing to the commissioner that the well owner will be responsible for obtaining maintenance permits and sealing the well. Nothing in this subdivision eliminates the responsibilities of the property owner under this chapter, or allows a person to construct a well on the property of another without consent or other legal authority.*

Sec. 34. Minnesota Statutes 1989 Supplement, section 103I.208, subdivision 2, is amended to read:

Subd. 2. [PERMIT FEE.] The permit fee to be paid by a property owner is:

(1) for a well that is inoperable or disconnected from a power supply under a maintenance permit, $50;

(2) for construction of a monitoring well, $50;

(3) ~~for monitoring wells owned by a state or federal agency or a local unit of government as defined in section 103B.3363, subdivision 4, there is no fee;~~

~~(4)~~ annually for a monitoring well that is unsealed under a maintenance permit, $50;

~~(5)~~ *(4)* for monitoring wells used as a leak detection device at a single motor fuel retail outlet or petroleum bulk storage site excluding tank farms, the construction permit fee is $50 per site regardless of the number of wells constructed on the site and the annual fee for a maintenance permit for unsealed monitoring wells is $50 per site regardless of the number of monitoring wells located on site;

~~(6)~~ *(5)* for a groundwater thermal exchange device, $50;

~~(7)~~ *(6)* for a vertical heat exchanger, in addition to the permit fee for wells, $50;

~~(8)~~ *(7)* for construction of the dewatering well, $50 for each well except a dewatering project comprising more than ten wells shall be issued a single permit for the wells recorded on the permit for $500; and

~~(9)~~ *(8)* annually for a dewatering well that is unsealed under a maintenance permit, $25 for each well, except a dewatering project comprising more than ten wells shall be issued a single permit for wells recorded on the permit for $250.

Sec. 35. Minnesota Statutes 1989 Supplement, section 103I.235, is amended to read:

103I.235 [SALE OF PROPERTY WHERE WELLS ARE LOCATED.]

Subdivision 1. [DISCLOSURE OF WELLS TO BUYER.] (a) Before signing an agreement to sell or transfer real property, the seller must disclose in writing to the buyer information about the status and ~~the~~ location of all known wells on the property, ~~including~~ *by delivering to the buyer either a statement by the seller that the seller does not know of any wells on the property, or a disclosure statement indicating* the legal description~~, and the quartile, section, township, range,~~ and county, and a map drawn from available information showing the location of ~~the wells~~ *each well* to the extent practicable. In the disclosure *statement*, the seller must indicate, for each well, whether the well is in use, not in use, or sealed.

(b) At the time of closing of the sale, the disclosure *statement* information *and the quartile, section, township, and range in which each well is located* must be provided on a well certificate signed by the seller ~~of the property~~ or a person authorized to act on behalf of the seller. *A well certificate need not be provided if the closing occurs before November 1, 1990, or the seller does not know of any wells on the property and the deed or other instrument of conveyance contains the statement: "The Seller certifies that the Seller does not know of any wells on the described real property."*

If a deed is given pursuant to a contract for deed, the well certificate required by this subdivision shall be signed by the buyer or a person authorized to act on behalf of the buyer.

(c) If ~~a~~ *the* seller fails to provide a *required* well certificate, ~~a~~ *the* buyer, or a person authorized to act on behalf of the buyer, may sign a well certificate based on the information provided on the disclosure *statement* required by this section or based on other available information.

(d) A county recorder or registrar of titles may not record a deed~~,~~ *or other* instrument~~, or writing~~ *of conveyance dated after October 31, 1990,* for which a certificate of value is required under section 272.115, or any deed or ~~contract for deed~~ *other instrument of conveyance dated after October 31, 1990,* from a governmental body exempt from the payment of state deed tax, unless *the deed or other instrument of conveyance either contains the statement "The Seller certifies that the Seller does not know of any wells on the described real property," or is accompanied by* the well certificate required by this subdivision ~~is filed with the county recorder or registrar of titles and the filing fee paid under section 357.18~~. *The county recorder or registrar of titles shall note on each deed or other instrument of conveyance accompanied by a well certificate that the well certificate was received. The well certificate shall not be filed or recorded in the records maintained by the county recorder or registrar of titles.* The county recorder or registrar of titles shall transmit the well certificate to the commissioner of health within 15 days after receiving the well certificate.

(e) The commissioner in consultation with county recorders shall prescribe the form for a well certificate and provide well certificate forms to county recorders and registrars of titles and other interested persons.

(f) Failure to comply with a requirement of this subdivision does not impair:

(1) the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or

(2) the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.

Subd. 2. [LIABILITY FOR FAILURE TO DISCLOSE.] Unless the buyer and seller agree to the contrary, in writing, before the closing of the sale, a seller who fails to disclose the existence of a well at the time of sale and knew ~~of~~ or had reason to know of the existence of ~~a~~ *the* well, is liable to the buyer for costs ~~and reasonable attorney fees~~ relating to ~~the~~ sealing of ~~a~~ *the* well~~.~~ *and reasonable attorney fees for collection of costs from the seller, if* the action ~~must be~~ is commenced ~~by the buyer~~ within six years after the date the buyer ~~purchased~~ *closed the purchase of* the real property where the well is located.

Sec. 36. Minnesota Statutes 1989 Supplement, section 103I.301, subdivision 3, is amended to read:

Subd. 3. [DEWATERING WELLS.] (a) The owner of the property where a dewatering well is located must have the dewatering well sealed when the dewatering well is no longer in use.

(b) A well contractor ~~or~~, limited well sealing contractor, *or limited dewatering well contractor* shall seal the dewatering well.

Sec. 37. Minnesota Statutes 1989 Supplement, section 103I.311, subdivision 3, is amended to read:

Subd. 3. [PROHIBITION ON STATE LAND PURCHASED WITHOUT

WELL IDENTIFICATION.] The state may not purchase or sell real property or an interest in real property without identifying the location of all wells *on the property,* whether in use, not in use, or sealed ~~on the property~~, and making provisions to have the wells not in use properly sealed at the cost of the seller as part of the contract. The *deed or other instrument of conveyance evidencing the* sale may not be recorded with the county recorder or registrar of titles unless this subdivision is complied with. *Failure to comply with a requirement of this subdivision does not impair:*

(1) the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or

(2) the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.

Sec. 38. Minnesota Statutes 1989 Supplement, section 103I.325, subdivision 2, is amended to read:

Subd. 2. [LIABILITY AFTER SEALING.] The owner of a well ~~that has had a sealed well certificate filed with the commissioner of health and the county recorder or registrar of titles where the well is located~~ is not liable for contamination of groundwater from the well that occurs after the well has been sealed *by a licensed contractor in compliance with this chapter if a report of sealing has been filed with the commissioner of health by the contractor who performed the work, and* if the owner has not disturbed or disrupted the sealed well.

Sec. 39. Minnesota Statutes 1988, section 103I.331, subdivision 4, is amended to read:

Subd. 4. [LANDOWNER WELL SEALING CONTRACTS.] (a) A county, or contracted local unit of government, may contract with landowners to share the cost of sealing priority wells in accordance with criteria established by the board of water and soil resources.

(b) The county must use the funds allocated from the board of water and soil resources to pay up to 75 percent, but not more than $2,000 of the cost of sealing priority wells.

(c) A well sealing contract must provide that:

(1) sealing is done in accordance with this chapter and rules of the commissioner of health relating to sealing of unused wells;

(2) payment is made to the landowner, after the well is sealed by a contractor licensed under this chapter; *and*

(3) ~~a sealed well certificate will be issued to the landowner after sealing of the well is completed; and~~

~~(4)~~ the ~~landowner~~ *contractor* must file a ~~copy of the~~ sealed well ~~certificate~~ *report* and a copy of the well record with the commissioner of health.

Sec. 40. Minnesota Statutes 1989 Supplement, section 103I.525, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] (a) A person must file an application and application fee with the commissioner to apply for a well contractor's license.

(b) The application must state the applicant's qualifications for the license,

the equipment the applicant will use in the contracting, and other information required by the commissioner. The application must be on forms prescribed by the commissioner.

(c) A person may apply as an individual if the person:

(1) is not the licensed well contractor representing a firm, partnership, association, corporation, or other entity including the United States government, any interstate body, the state and agency, department or political subdivision of the state; and

(2) meets the well contractor license requirements under this chapter and Minnesota Rules, chapter 4725.

Sec. 41. Minnesota Statutes 1989 Supplement, section 103I.525, subdivision 5, is amended to read:

Subd. 5. [BOND.] (a) As a condition of being issued a well contractor's license, the applicant, *except a person applying for an individual well contractor's license,* must submit a corporate surety bond for $10,000 approved by the commissioner. The bond must be conditioned to pay the state on unlawful performance of work regulated by this chapter in this state. The bond is in lieu of other license bonds required by a political subdivision of the state.

(b) From proceeds of the bond, the commissioner may compensate persons injured or suffering financial loss because of a failure of the applicant to properly perform work or duties.

Sec. 42. Minnesota Statutes 1989 Supplement, section 103I.525, subdivision 6, is amended to read:

Subd. 6. [LICENSE FEE.] The fee for a well contractor's license is $250, *except the fee for an individual well contractor's license is $50.*

Sec. 43. Minnesota Statutes 1989 Supplement, section 103I.531, subdivision 4, is amended to read:

Subd. 4. [ISSUANCE OF LICENSE.] If an applicant passes the examination as determined by the commissioner, submits the bond under subdivision 5, and pays the license fee under subdivision 6, the commissioner shall issue a limited well contractor's license. *If the other conditions of this section are satisfied, the commissioner may not withhold issuance of a dewatering limited license based on the applicant's lack of prior experience under a licensed well contractor.*

Sec. 44. Minnesota Statutes 1989 Supplement, section 103I.541, subdivision 1, is amended to read:

Subdivision 1. [INITIAL REGISTRATION AFTER ~~DECEMBER 31,~~ *July 1,* 1990.] After ~~December 31,~~ *July 1,* 1990, a person seeking initial registration as a monitoring well contractor must meet examination and experience requirements adopted by the commissioner by rule.

Sec. 45. Minnesota Statutes 1989 Supplement, section 103I.541, is amended by adding a subdivision to read:

Subd. 2a. [APPLICATION.] *(a) An individual must submit an application and application fee to the commissioner to apply for a monitoring well contractor registration.*

(b) The application must be on forms prescribed by the commissioner.

The application must state the applicant's qualifications for the registration, the equipment the applicant will use in the contracting, and other information required by the commissioner.

Sec. 46. Minnesota Statutes 1989 Supplement, section 103I.541, is amended by adding a subdivision to read:

Subd. 2b. [APPLICATION FEE.] *The application fee for a monitoring well contractor registration is $50. The commissioner may not act on an application until the application fee is paid.*

Sec. 47. Minnesota Statutes 1989 Supplement, section 103I.681, is amended to read:

103I.681 [PERMIT FOR UNDERGROUND STORAGE OF GAS OR LIQUID.]

Subdivision 1. [PERMIT REQUIRED.] (a) The state, a person, partnership, association, private or public corporation, county, municipality, or other political subdivision of the state may not displace groundwater in consolidated or unconsolidated formations by the underground storage of a gas or liquid under pressure without an underground storage permit from the ~~commissioners~~ *commissioner* of natural resources ~~and health~~.

(b) The state, a person, a public corporation, county, municipality, or other political subdivision of the state may not store a gas or liquid, except water, below the natural surface of the ground by using naturally occurring rock materials as a storage reservoir without an underground storage permit from the ~~commissioners~~ *commissioner* of ~~health and~~ natural resources.

Subd. 2. [APPLICATION.] (a) A person may apply for an underground storage permit by filing an application form with the commissioner of natural resources accompanied by the application fee and maps, plans, and specifications describing the proposed displacement of groundwater and the underground storage of gases or liquids and other data required by the commissioner.

(b) The commissioner of natural resources shall prescribe the application form to apply for an underground storage permit.

(c) The commissioner of natural resources may require an applicant to demonstrate to the commissioner that the applicant has adequately provided a method to ensure payment of any damages resulting from the operation of a gas or liquid storage reservoir.

Subd. 3. [HEARING REQUIRED.] (a) An underground storage permit allowing displacement of groundwater may not be issued by the commissioner of natural resources ~~or health~~ without holding a public hearing on the issuance of the permit.

(b) By 20 days after receiving a complete application, the commissioner of natural resources shall set a time and location for the hearing.

Subd. 4. [NOTICE OF HEARING.] The hearing notice must:

(1) state the date, place, and time of the hearing;

(2) show the location of groundwater and surface water and property affected by the proposed underground storage;

(3) be published by the applicant, or by the commissioner of natural resources if the proceeding is initiated by the commissioner of natural

resources ~~or health~~, once each week for two successive weeks in a legal newspaper that is published in the county where a part or all of the affected groundwater or surface waters are located; and

(4) be mailed by the commissioner of natural resources to the county auditor and the chief executive official of an affected municipality.

Subd. 5. [PROCEDURE AT HEARING.] (a) The hearing must be public and conducted by the commissioner of natural resources or a referee appointed by the commissioner.

(b) Affected persons must have an opportunity to be heard. Testimony must be taken under oath and the parties must have the right of cross-examination. The commissioner of natural resources shall provide a stenographer, at the expense of the applicant, to take testimony and a record of the testimony, and all proceedings at the hearing shall be taken and preserved.

(c) The commissioner of natural resources is not bound by judicial rules of evidence or of pleading and procedure.

Subd. 6. [SUBPOENAS.] The commissioner of natural resources ~~or health~~ may subpoena and compel the attendance of witnesses and the production of books and documents material to the purposes of the hearing. Disobedience of a subpoena, or refusal to be sworn, or refusal to answer as a witness, is punishable as contempt in the same manner as a contempt of the district court. The commissioner of natural resources must file a complaint of the disobedience with the district court of the county where the disobedience or refusal occurred.

Subd. 7. [REQUIRED FINDINGS.] An order granting a permit for the proposed storage may not be issued unless it contains and is based on a finding stating:

(1) the proposed storage will be confined to geological stratum or strata lying more than 500 feet below the surface of the soil;

(2) the proposed storage will not substantially impair or pollute groundwater or surface water; and

(3) the public convenience and necessity of a substantial portion of the gas-consuming public in the state will be served by the proposed project.

Subd. 8. [ORDER CONDITIONS.] The order granting the permit must contain conditions and restrictions that will reasonably protect:

(1) private property or an interest not appropriated;

(2) the rights of the property owners and owners of an interest in property located within the boundaries of the proposed storage area, or persons claiming under the owners, to explore for, drill for, produce or develop for the recovery of oil or gas or minerals under the property, and to drill wells on the property to develop and produce water; provided that the exploration, drilling, producing, or developing complies with orders and rules of the commissioner of natural resources that protect underground storage strata or formations against pollution and against the escape of gas; and

(3) public resources of the state that may be adversely affected by the proposed project.

Subd. 9. [PUBLICATION OF FINDINGS, CONCLUSIONS, ORDERS.] (a) The commissioner of natural resources shall mail notice of any findings,

conclusions, and orders made after the hearing to:

(1) the applicant;

(2) parties who entered an appearance at the hearing;

(3) the county auditor; and

(4) the chief executive officer of an affected municipality.

(b) The commissioner of natural resources must publish notice of findings, conclusions, and orders made after the hearing at least once each week for two successive weeks in a legal newspaper in the county where a part or all of the proposed project is located. The costs of the publication must be paid by the applicant.

Subd. 10. [APPEAL OF COMMISSIONER'S DETERMINATION.] An interested party may appeal the determination of the commissioner of natural resources ~~or health~~ to the court of appeals in accordance with the provisions of chapter 14.

Subd. 11. [PERMIT FEE SCHEDULE.] (a) The commissioner of natural resources ~~or health~~ shall adopt a permit fee schedule under chapter 14. The schedule may provide minimum fees for various classes of permits, and additional fees, which may be imposed subsequent to the application, based on the cost of receiving, processing, analyzing, and issuing the permit, and the actual inspecting and monitoring of the activities authorized by the permit, including costs of consulting services.

(b) A fee may not be imposed on a state or federal governmental agency applying for a permit.

(c) The fee schedule may provide for the refund of a fee, in whole or in part, under circumstances prescribed by the commissioner of natural resources. Permit fees received must be deposited in the state treasury and credited to the general fund. The amount of money necessary to pay the refunds is appropriated annually from the general fund to the commissioner of natural resources.

Sec. 48. Minnesota Statutes 1989 Supplement, section 103I.685, is amended to read:

103I.685 [ABANDONMENT OF UNDERGROUND STORAGE PROJECT.]

An underground storage project for which an underground storage permit is granted may not be abandoned, or a natural or artificial opening extending from the underground storage area to the ground surface be filled, sealed, or otherwise closed to inspection, except after written approval by the commissioner of natural resources ~~or health~~ and in compliance with conditions that the ~~commissioners~~ *commissioner* may impose.

Sec. 49. Minnesota Statutes 1989 Supplement, section 103I.691, is amended to read:

103I.691 [CERTIFICATE OF USE.]

A person may not use a gas or liquid storage reservoir under an underground storage permit unless the right to use the property affected by the project has been acquired and a notice of the acquisition filed with the commissioner of natural resources ~~or health~~. The commissioner of natural resources ~~or health~~ must issue a certificate approving use of the gas or

liquid storage reservoir.

Sec. 50. Minnesota Statutes 1989 Supplement, section 103I.705, subdivision 2, is amended to read:

Subd. 2. [SEALING WELLS AND ELEVATOR SHAFTS.] A well contractor or limited well sealing contractor who seals a well, a monitoring well contractor who seals a monitoring well, or a well contractor or an elevator shaft contractor who seals a hole that was used for an elevator shaft under a corrective order of the commissioner in a manner that does not comply with ~~the water well construction code~~ *rules adopted under this chapter*, shall be assessed an administrative penalty of $500.

Sec. 51. Minnesota Statutes 1989 Supplement, section 103I.705, subdivision 3, is amended to read:

Subd. 3. [CONTAMINATION RELATING TO WELL CONSTRUCTION.] A well contractor, limited well contractor, or monitoring well contractor working under a corrective order of the commissioner who fails to comply with the rules ~~in the water well construction code~~ *adopted under this chapter* relating to location of wells in relation to potential sources of contamination, grouting, materials, or construction techniques shall be assessed an administrative penalty of $500.

Sec. 52. Minnesota Statutes 1988, section 115B.02, subdivision 3, is amended to read:

Subd. 3. [AGENCY.] "Agency" means the *commissioner of agriculture for actions, duties, or authorities relating to agricultural chemicals, or for other substances, the* pollution control agency.

Sec. 53. Minnesota Statutes 1988, section 115B.02, is amended by adding a subdivision to read:

Subd. 3a. [AGRICULTURAL CHEMICAL.] *"Agricultural chemical" has the meaning given in section 18D.01, subdivision 3.*

Sec. 54. Minnesota Statutes 1988, section 115B.02, subdivision 4, is amended to read:

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner *of agriculture for actions, duties, or authorities related to agricultural chemicals or the commissioner* of the pollution control agency *for other substances*.

Sec. 55. Minnesota Statutes 1989 Supplement, section 115B.20, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) The environmental response, compensation, and compliance account is in the environmental fund 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) *and (11) to (13)*. The commissioner of finance shall ~~allocate~~ *transfer* money from the response account to the agency and the commissioner of agriculture to take actions required under subdivision 2, clauses (1) to (4) *and (11) to (13)*.

(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.

(d) Amounts appropriated to the commissioner of finance under this subdivision shall not be included in the department of finance budget but shall be included in the pollution control agency and department of agriculture budgets.

Sec. 56. Minnesota Statutes 1989 Supplement, section 116C.69, subdivision 3, is amended to read:

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site certificates and construction permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

Until June 30, 1992, the assessment shall also include an amount sufficient to cover 60 percent of the costs to the pollution control agency of achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, reprinting informational booklets on acid rain, and costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The director of the pollution control agency must prepare a work plan and budget and submit them annually by June 30 to the pollution control agency board. The agency board must take public testimony on the budget and work plan. After the agency board approves the work plan and budget they must be submitted annually to the legislative *water* commission ~~on waste management~~ for review and recommendation before an assessment is levied. Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision plus 60 percent of the annual budget of the pollution control agency for achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, for reprinting informational booklets on acid rain, and for costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board and the pollution control agency for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 57. Minnesota Statutes 1988, section 326.37, is amended to read:

326.37 [PLUMBERS; SUPERVISION BY STATE COMMISSIONER OF HEALTH; RULES; VIOLATION; PENALTY.]

Subdivision 1. The state commissioner of health may, by rule, prescribe minimum standards which shall be uniform, and which standards shall thereafter be effective for all new plumbing installations, including additions, extensions, alterations, and replacements connected with any water or sewage disposal system owned or operated by or for any municipality, institution, factory, office building, hotel, apartment building, or any other place of business regardless of location or the population of the city or town in which located. Violation of the rules shall be a misdemeanor.

The commissioner shall administer the provisions of sections 326.37 to 326.45 and for such purposes may employ plumbing inspectors and other assistants.

Subd. 2. [STANDARDS FOR CAPACITY.] *By January 1, 1993, all new floor-mounted water closets in areas under jurisdiction of the state plumbing code may not have a flush volume of more than 1.6 gallons. The water closets must meet the standards of the commissioner and the American National Standards Institute.*

Sec. 58. Laws 1989, chapter 326, article 3, section 49, is amended to read:

Sec. 49. [EFFECTIVE DATE.]

Section 9 ~~is~~, *subdivisions 1; 2; 3; 4, paragraphs (a), (d), and (e); 5; 6; 7; 8; and 9 are* effective July 1, 1989, but a well notification is not required to be filed with the commissioner for construction of a well until after December 31, 1989.

Section 9, subdivision 4, paragraphs (b) and (c), are effective July 1, 1990.

Section 14 relating to disclosing wells to buyers and transferees is effective July 1, 1990.

~~Section,~~ *Sections* 31, 32, and 33 are effective July 1, 1990, and limited well contractor licenses and limited well sealing licenses may not be issued until after that date.

Sections 24 and 33 relating to permits required for elevator shafts and elevator shaft contractor licenses are effective July 1, 1990.

Sec. 59. Laws 1989, chapter 326, article 6, section 33, subdivision 2, is amended to read:

Subd. 2. [TASK FORCE.] (a) The task force must include farmers, representatives from farm organizations, the fertilizer industry, University of Minnesota, environmental groups, representatives of local government involved with comprehensive local water planning, and other state agencies, including the pollution control agency, the department of health, the department of natural resources, the state planning agency, and the board of water and soil resources.

(b) The task force shall review existing research including pertinent research from the University of Minnesota and shall develop recommendations for a nitrogen fertilizer management plan for the prevention, evaluation, and mitigation of nonpoint source occurrences of nitrogen fertilizer in waters of the state. The nitrogen fertilizer management plan must include

components promoting prevention and developing appropriate responses to the detection of inorganic nitrogen from fertilizer sources in ground or surface water.

(c) The task force shall report its recommendations to the commissioner by ~~May~~ *August* 1, 1990. The commissioner shall report to the environmental quality board by ~~July~~ *October* 1, 1990, on the task force's recommendations. The recommendations of the task force shall be incorporated into an overall nitrogen plan prepared by the pollution control agency and the department of agriculture.

Sec. 60. Laws 1989, chapter 326, article 8, section 10, is amended to read:

Sec. 10. [EFFECTIVE DATE.]

~~Sections~~ *Section* 3~~,~~ 4~~,~~ ~~and~~ 5 ~~are~~ *is* effective July 1, 1990, *and applies to pesticide sales on or after April 1, 1990, and to sales other than pesticides, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.*

Section 4 is effective July 1, 1989, and applies to costs of a corrective action as defined by section 18D.01, subdivision 4, incurred by eligible persons after that date.

Section 5 is effective July 1, 1990.

Sec. 61. Laws 1989, chapter 335, article 1, section 23, subdivision 4, is amended to read:

Subd. 4. Groundwater and Solid Waste Pollution Control

	$ 7,813,000	$ 8,313,000
	Summary by Fund	
General	$ 2,553,000	$ 3,053,000
Environmental Response	$ 2,890,000	$ 2,890,000
Metro Landfill Abatement	$ 1,700,000	$ 1,700,000
Metro Landfill Contingency	$ 670,000	$ 670,000

Of the amount appropriated from the environmental response fund, $55,000 the first year and $55,000 the second year is appropriated to the commissioner of agriculture for two positions to administer agricultural chemical superfund site activities. The appropriation the first year does not cancel and is available for the second year.

All money in the environmental response, compensation, and compliance fund not otherwise appropriated, is appropriated to the *commissioner of finance for transfer to the* pollution control agency ~~for the purposes described in the environmental response and liability act, Minnesota Statutes, section~~

~~115B.20, subdivision 2, paragraphs (a), (b), (c), and (d)~~ *and the commissioner of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (11), (12), and (13).* This appropriation is available until June 30, 1991.

All money in the metropolitan landfill abatement fund not otherwise appropriated is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council for the purposes of Minnesota Statutes, section 473.844. The council may not spend the money until the legislative commission on waste management has made its recommendations on the budget and work program submitted by the council.

$1,000,000 the first year and $1,500,000 the second year are appropriated from the general fund for transfer to the environmental response, compensation, and compliance fund.

Any unencumbered balance from the metropolitan landfill contingency fund remaining in fiscal year 1990 does not cancel but is available for fiscal year 1991.

Sec. 62. Laws 1990, chapter 391, article 7, section 2, is amended by adding a subdivision to read:

Subd. 13a. [ONCE-THROUGH SYSTEM.] *"Once-through system" means a space heating, ventilating, air conditioning (HVAC), or refrigeration system used for any type of temperature or humidity control application, utilizing groundwater, that circulates through the system and is then discharged without recirculating the majority of the water in the system components or reusing it for another purpose.*

Sec. 63. Laws 1990, chapter 391, article 7, section 27, is amended by adding a subdivision to read:

Subd. 4a. [MT. SIMON-HINCKLEY AQUIFER.] *(a) The commissioner may not issue new water use permits that will appropriate water from the Mt. Simon-Hinckley aquifer unless the appropriation is for potable water use, there are no feasible or practical alternatives to this source, and a water conservation plan is incorporated with the permit.*

(b) The commissioner shall terminate all permits authorizing appropriation and use of water from the Mt. Simon-Hinckley aquifer for once-through systems in the seven-county metropolitan area by December 31, 1992.

Sec. 64. Laws 1990, chapter 391, article 7, section 27, subdivision 5, is amended to read:

Subd. 5. [~~CERTAIN COOLING SYSTEM PERMITS PROHIBITED~~ *PROHIBITION ON ONCE-THROUGH WATER USE PERMITS.*] (a) The commissioner may not, *after December 31, 1990,* issue a water use permit *to increase the volume of appropriation* from a groundwater source for a once-through cooling system using in excess of 5,000,000 gallons annually.

(b) ~~For purposes of this subdivision, a once-through cooling system means a cooling or heating system for human comfort that draws a continuous stream of water from a groundwater source to remove or add heat for cooling, heating, or refrigeration~~ *Once-through system water use permits using in excess of 5,000,000 gallons annually, must be terminated by the commissioner by the end of their design life but not later than December 31, 2010. Existing once-through systems are required to convert to water efficient alternatives within the design life of existing equipment. The commissioner shall, by August 1, 1990, submit to the legislative water commission for review the approach by which the commissioner will achieve appropriate conversion of the systems after considering the age of the system, the condition of the system, recent investments in the system, and feasibility and costs of alternatives available to replace usage of a once-through system.*

Sec. 65. Laws 1990, chapter 391, article 7, section 27, subdivision 6, is amended to read:

Subd. 6. [WATER USE PERMIT PROCESSING FEE.] (a) Except as described in paragraph (b), a water use permit processing fee not to exceed $2,000 must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 0.05 cents per 1,000 gallons for the first 50,000,000 gallons per year; and

(2) 0.1 cents per 1,000 gallons for amounts greater than 50,000,000 gallons per year.

(b) For once-through cooling systems ~~as defined in subdivision 5~~, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(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.

(c) The fee is payable based on the amount of water ~~permitted~~ *appropriated* during the year and in no case may the fee be less than $25. *The commissioner shall notify all permittees of the fee changes authorized by this law by July 1, 1990. The commissioner is authorized to refund 1989 water use report processing fees under this subdivision.*

(d) For once-through systems fees payable after July 1, 1993, at least 50 percent of the fee deposited in the general fund shall be used for grants, loans, or other financial assistance as appropriated by the legislature to assist in financing retrofitting of permitted once-through systems until December 31, 1999. The commissioner shall adopt rules for determining eligibility and criteria for the issuance of grants, loans, or other financial assistance for retrofitting according to chapter 14, by July 1, 1993.

~~(d)~~ *(e)* Failure to pay the fee is sufficient cause for revoking a permit. *A fee may not be imposed on any state agency, as defined in section 16B.01, or a federal agency that holds a water appropriation permit.*

Sec. 66. Laws 1990, chapter 391, article 7, section 29, subdivision 2,

is amended to read:

Subd. 2. [MEASURING EQUIPMENT REQUIRED.] An installation for appropriating or using water must be equipped with a ~~device or use a method~~ *flow meter* to measure the quantity of water appropriated ~~with reasonable accuracy~~ *within the degree of accuracy required by rule*. The ~~commissioner's determination of the method~~ *commissioner can determine other methods* to be used for measuring water quantity ~~must be~~ based on the quantity of water appropriated or used, the source of water, the method of appropriating or using water, and any other facts supplied to the commissioner.

Sec. 67. [BOND WAIVER.]

Until December 31, 1991, the commissioner may waive the bond requirement for licensure under section 103I.525, subdivision 5, or 103I.531, subdivision 5, if the commissioner determines that a well contractor or limited well contractor has made a good faith effort to obtain a bond from more than one company, and the bond cannot be obtained because of insufficient net worth or inadequate liquid assets as determined by the bond company, and the well contractor or limited well contractor complies with all other requirements for licensure under the provisions of this chapter.

Sec. 68. [CONTINUANCE OF WATER COMMISSION.]

Notwithstanding any other law passed during the 1990 legislative session, the legislative commission on water is not terminated and shall continue until June 30, 1994, and the appropriation in Laws 1989, chapter 326, article 10, section 1, subdivision 5, does not cancel and is appropriated from the general fund to be available until June 30, 1991.

Sec. 69. [INSTRUCTION TO REVISOR.]

In the 1990 and subsequent editions of Minnesota Statutes the revisor shall:

(1) change the terms "pollution control agency" and "commissioner of the pollution control agency" to "agency" and "commissioner" respectively in sections 115B.17 and 115B.18; and

(2) change the terms "commissioner" and "agency" to "commissioner of the pollution control agency" and "pollution control agency" respectively in section 115B.17, subdivision 13.

Sec. 70. [COMMISSION INVESTIGATION.]

The legislative water commission shall investigate the needs and feasibility of allowing state bonding, grants, loans, or other financial assistance for conversion of once-through systems.

Sec. 71. [DELEGATION AGREEMENTS.]

Notwithstanding the provisions of Minnesota Statutes, chapter 103I, a delegation agreement between the commissioner of health and a board of health executed before July 1, 1989, shall remain in full force and effect until December 31, 1991.

Sec. 72. [RESPONSE TO AGRICULTURAL CHEMICAL INCIDENTS.]

The commissioner of agriculture may take corrective action under Minnesota Statutes, chapter 18D, or response and remedial action under Minnesota Statutes, chapter 115B, or both, as provided under those chapters,

in responding to an agricultural chemical incident, release, or threatened release.

Sec. 73. [REPEALER.]

Minnesota Statutes 1988, sections 115B.17, subdivision 8; and 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533, are repealed.

Sec. 74. [APPROPRIATION; AGRICULTURE LEGAL COSTS.]

$75,000 is appropriated from the environmental account to the commissioner of agriculture to pay for legal costs relating to responses to agricultural incidents.

Sec. 75. [EFFECTIVE DATE.]

Sections 1 to 12 and 14 are effective July 1, 1990, except the additional one-tenth of one percent under Minnesota Statutes, section 18B.26, subdivision 3, paragraph (a), for each pesticide for which a health advisory summary has been published, is not effective until January 1, 1992, to be collected for calendar year 1992 and years thereafter. Section 13 is effective July 1, 1991. Sections 15 to 55 and 59 to 71 and 73 are effective the day following final enactment. Section 58 is effective the day following final enactment, retroactive to July 1, 1989.

Section 17 is effective the day following final enactment except that dewatering wells may be constructed and operate down to 45 feet without permits or permit fees required by Minnesota Statutes, chapter 103I, until June 30, 1992."

Delete the title and insert:

"A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; defining agricultural chemical; clarifying requirements for water well construction, repair, sealing, and ownership; amending requirements for fees relating to water wells, monitoring wells, variances, and certain licenses; clarifying provisions for at-grade monitoring wells; requiring the establishment of reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; clarifying disclosure requirements for sale of property where wells are located; clarifying liability and responsibility for complying with certain well requirements; providing that the commissioner of natural resources have authority over permits for the underground storage of gas or liquid; imposing limits on the flush volume of new floor-mounted water closets; establishing requirements to limit the use of once-through water systems; limiting the

issuance of permits for once-through systems; requiring investigation of financial assistance for conversion of once-through systems; clarifying fee requirements and the use of fees; requiring methods to measure water use; allowing a waiver of bond requirements for well or limited well contractors; continuing the legislative commission on water; continuing certain delegation agreements between the commissioner of health and a board of health; amending effective dates; amending appropriations; appropriating money; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 103I.331, subdivision 4; 115B.02, subdivisions 3, 4, and by adding a subdivision; 326.37; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding subdivisions; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; Laws 1990, chapter 391, article 7, sections 2, by adding a subdivision; and 27, subdivisions 5 and 6, and by adding a subdivision; and 29, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, sections 115B.17, subdivision 8; and 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steven Morse, Charles R. Davis, Gary M. DeCramer, Tracy L. Beckman, John Bernhagen

House Conferees: (Signed) Len Price, Henry J. Kalis, Dave Bishop, Willard Munger, Elton R. Redalen

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2126 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2126 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	McGowan	Piper
Anderson	Davis	Johnson, D.J.	McQuaid	Pogemiller
Beckman	Decker	Knaak	Merriam	Ramstad
Belanger	DeCramer	Knutson	Metzen	Reichgott
Benson	Dicklich	Kroening	Moe, R.D.	Renneke
Berglin	Flynn	Langseth	Morse	Spear
Bernhagen	Frederick	Lantry	Novak	Storm
Bertram	Frederickson, D.R.	Larson	Olson	Stumpf
Brataas	Freeman	Lessard	Pariseau	Vickerman
Chmielewski	Gustafson	Luther	Pehler	Waldorf
Cohen	Hughes	Marty	Piepho	

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

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. 1891 and 2064.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1813: A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

There has been appointed as such committee on the part of the House:

Welle, Rodosovich and Greenfield.

Senate File No. 1813 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1873, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1873: A bill for an act relating to crime victims; providing victims of delinquent acts the right to request notice of release of juvenile offenders

from juvenile correctional facilities; providing notice to sexual assault victims when a juvenile offender is released from pretrial detention; requiring that victims be informed of their right to request the withholding of public law enforcement data that identifies them; clarifying the duty of court administrators to disburse restitution payments; making certain changes to the crime victims reparations act; amending Minnesota Statutes 1988, sections 611A.53, subdivision 2; and 611A.57, subdivision 6; Minnesota Statutes 1989 Supplement, sections 13.84, subdivision 5a; 260.161, subdivision 2; 611A.04, subdivision 2; 611A.06; 611A.52, subdivision 8; and 629.73; proposing coding for new law in Minnesota Statutes, chapter 611A.

Senate File No. 1873 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1946, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1946: A bill for an act relating to agriculture; providing for deficiency judgments relating to foreclosure and sale of mortgages on property used in agricultural production; requiring fair market value to be determined by the court; extending period for execution on judgment; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; 582.30, subdivisions 3, 4, 5, and 6.

Senate File No. 1946 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1860: A bill for an act relating to domestic abuse; authorizing courts to exclude a respondent from the place of employment of a petitioner in an order for protection; clarifying the probable cause arrest provision for violations of orders for protection; authorizing bonds to ensure compliance with orders for protection; authorizing referrals to prosecuting authorities for violations of orders for protection; improving prosecutorial procedures in domestic abuse cases; requiring the commissioner of public safety to study the feasibility and costs of a statewide computerized data base on domestic abuse; requiring a report; expanding the crime of first degree murder to include certain deaths caused by domestic abuse; imposing penalties; amending Minnesota Statutes 1988, sections 518B.01, subdivisions 6, 7, and 14; and 611A.0315, subdivision 1; Minnesota Statutes

1989 Supplement, section 609.185; proposing coding for new law in Minnesota Statutes, chapter 611A.

Senate File No. 1860 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

CONCURRENCE AND REPASSAGE

Ms. Reichgott moved that the Senate concur in the amendments by the House to S.F. No. 1860 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1860 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 52 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Berg moved that the following members be excused for a Conference Committee on S.F. No. 1674 from 1:00 to 3:00 p.m.:

Messrs. Frederickson, D.J.; Frederickson, D.R. and Berg. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Merriam moved that S.F. No. 1001 be taken from the table. The motion prevailed.

S.F. No. 1001: A bill for an act relating to the community dispute resolution program; establishing eligibility criteria for grant recipients; appropriating money; amending Minnesota Statutes 1988, sections 494.01, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 494.

CONCURRENCE AND REPASSAGE

Mr. Merriam moved that the Senate concur in the amendments by the House to S.F. No. 1001 and that the bill be placed on its repassage as

amended. The motion prevailed.

S.F. No. 1001 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 53 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	McQuaid	Ramstad
Anderson	Decker	Knaak	Merriam	Reichgott
Beckman	DeCramer	Knutson	Metzen	Renneke
Benson	Dicklich	Kroening	Morse	Schmitz
Berg	Flynn	Laidig	Novak	Spear
Berglin	Frank	Lantry	Olson	Storm
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Lessard	Pehler	Vickerman
Brataas	Freeman	Luther	Peterson, R.W.	Waldorf
Cohen	Hughes	Marty	Piepho	
Dahl	Johnson, D.E.	McGowan	Pogemiller	

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

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. 2229: A bill for an act relating to elections; clarifying language and changing procedures for voter registration, absentee voters, and polling place rosters; defining certain terms; changing certain time limits; providing for certain services to disabled persons at state political party conventions; providing for persons who are permanently ill or disabled to automatically receive absentee ballot applications before each election; modifying election procedures for town supervisors; requiring a report; amending Minnesota Statutes 1988, sections 200.02, by adding a subdivision; 201.022; 201.023; 201.054, subdivision 1; 201.061, subdivision 1; 201.071, subdivisions 3 and 4; 201.081; 201.091; 201.12, subdivision 2; 201.121, subdivisions 1 and 2; 201.171; 201.211; 201.221; 201.27, subdivision 1; 203B.04, by adding a subdivision; 203B.09; 203B.12, subdivisions 2 and 3; 204B.28, subdivision 2; 204B.45, subdivision 2; 204C.10; 204C.12, subdivision 4; 204C.27; 367.03, subdivision 1; 367.33, subdivision 4; Minnesota Statutes 1989 Supplement, sections 202A.13; 203B.13, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapter 201; and repealing Minnesota Statutes 1988, sections 201.061, subdivision 2; 201.071, subdivisions 5 and 6; and 201.091, subdivision 3.

Senate File No. 2229 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

CONCURRENCE AND REPASSAGE

Mr. Hughes moved that the Senate concur in the amendments by the House to S.F. No. 2229 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2229: A bill for an act relating to elections; clarifying language and changing procedures for voter registration, absentee voters, and polling place rosters; defining certain terms; changing certain time limits; providing for persons who are permanently ill or disabled to automatically receive absentee ballot applications before each election; providing for certain services at state party conventions; requiring a report; changing filing requirements for town elections; exempting certain noncommercial signs from municipal regulation; amending Minnesota Statutes 1988, sections 200.02, by adding a subdivision; 201.022; 201.023; 201.054, subdivision 1; 201.061, subdivision 1; 201.071, subdivisions 3 and 4; 201.081; 201.091; 201.12, subdivision 2; 201.121, subdivisions 1 and 2; 201.171; 201.211; 201.221; 201.27, subdivision 1; 203B.04, by adding a subdivision; 203B.09; 203B.12, subdivisions 2 and 3; 204B.09, subdivision 1; 204B.28, subdivision 2; 204B.45, subdivision 2; 204C.10; 204C.12, subdivision 4; 204C.27; 367.03, subdivision 1; and 367.33, subdivision 4; Minnesota Statutes 1989 Supplement, sections 202A.13; and 203B.13, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapters 201 and 211B; repealing Minnesota Statutes 1988, sections 201.061, subdivision 2; 201.071, subdivisions 5 and 6; and 201.091, subdivision 3.

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 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Freeman	Marty	Pogemiller
Anderson	Davis	Hughes	McGowan	Ramstad
Beckman	Decker	Johnson, D.E.	McQuaid	Renneke
Belanger	DeCramer	Johnson, D.J.	Morse	Schmitz
Benson	Dicklich	Knaak	Novak	Solon
Berg	Flynn	Knutson	Olson	Spear
Berglin	Frank	Kroening	Pariseau	Storm
Bertram	Frederick	Laidig	Pehler	Stumpf
Chmielewski	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Cohen	Frederickson, D.R.	Luther	Piepho	Waldorf

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

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Flynn introduced—

Senate Resolution No. 189: A Senate resolution congratulating Alice Johnson on her 107th Birthday.

Referred to the Committee on Rules and Administration.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Messrs. Solon, Gustafson and Johnson, D.J. introduced—

S.F. No. 2642: A bill for an act relating to retirement; authorizing an election of coverage for survivor benefits by survivors of certain deceased police officers; amending Minnesota Statutes 1988, section 353A.08, by adding a subdivision.

Referred to the Committee on Governmental Operations.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

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. 2609: A bill for an act relating to the environment; providing for the management and cleanup of tax-forfeited lands; requiring a report by the pollution control agency; authorizing a levy by Lake county; authorizing a purchase of tax-forfeited land and lease of restricted land in St. Louis county; amending Minnesota Statutes 1988, sections 115B.02, subdivision 11; 115B.03, by adding a subdivision; 115C.02, subdivision 8; 115C.021, by adding a subdivision; 116.49, by adding a subdivision; 282.08; and 514.671, subdivisions 2 and 5; proposing coding for new law in Minnesota Statutes, chapter 282.

Senate File No. 2609 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 2609 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2609 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 51 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	McQuaid	Renneke
Anderson	Davis	Johnson, D.J.	Metzen	Schmitz
Beckman	Decker	Knaak	Morse	Spear
Belanger	DeCramer	Knutson	Novak	Storm
Benson	Dicklich	Kroening	Olson	Stumpf
Berg	Flynn	Laidig	Pariseau	Vickerman
Bernhagen	Frank	Larson	Pehler	Waldorf
Bertram	Frederick	Lessard	Peterson, R.W.	
Brataas	Frederickson, D.R.	Luther	Piepho	
Chmielewski	Freeman	Marty	Pogemiller	
Cohen	Hughes	McGowan	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. 1473: A bill for an act relating to the environment; requiring a report to the legislature on carbon dioxide emissions; appropriating money.

Senate File No. 1473 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

CONCURRENCE AND REPASSAGE

Mr. Dahl moved that the Senate concur in the amendments by the House to S.F. No. 1473 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1473: A bill for an act relating to the environment; providing for mitigation of the greenhouse effect by requiring a report on the use of a surcharge on carbon dioxide emissions and a tree planting plan for carbon dioxide absorption; proposing coding for new law in Minnesota Statutes, chapter 116.

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 52 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McGowan	Pogemiller
Anderson	Dahl	Johnson, D.E.	McQuaid	Ramstad
Beckman	Davis	Johnson, D.J.	Merriam	Renneke
Belanger	DeCramer	Knaak	Metzen	Schmitz
Benson	Dicklich	Knutson	Morse	Spear
Berg	Flynn	Kroening	Novak	Storm
Berglin	Frank	Laidig	Olson	Vickerman
Bernhagen	Frederick	Lantry	Pariseau	Waldorf
Bertram	Frederickson, D.J.	Larson	Pehler	
Brataas	Frederickson, D.R.	Lessard	Peterson, R.W.	
Chmielewski	Freeman	Luther	Piepho	

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2158 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2158

A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

April 20, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2158, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2158 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 216B.163, is amended to read:

216B.163 [FLEXIBLE TARIFFS.]

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

(b) "Effective competition" means that a customer of a gas utility who either receives interruptible service or whose daily requirement exceeds 50,000 cubic feet maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, and cellulosic materials, at comparable prices from a supplier not regulated by the commission.

(c) "Flexible tariff" means a rate schedule under which a gas utility may set or change the price for its service to an individual customer or group of customers without prior approval of the commission within a range of prices determined by the commission to be just and reasonable.

Subd. 2. [FLEXIBLE TARIFFS PERMITTED.] Notwithstanding ~~any other provision of this chapter~~ *section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16*, the commission ~~is authorized to~~ *may* approve a flexible tariff for any class of customers of a gas utility when provision of service, including the sale or transportation of gas, to any customers within the class is subject to effective competition. Upon application of a gas utility, the commission shall find that effective competition exists for a class of customers taking interruptible service at a level exceeding 199,000 cubic feet per day. A gas utility may ~~only~~ apply a flexible tariff *only* to a customer that is subject to effective competition and a gas utility may not apply a flexible tariff or otherwise reduce its rates to compete with indigenous biomass energy supplies~~, or with customers of district heating facilities as~~

~~of June 1, 1987~~. *Customers of a gas utility whose only alternative source of energy is gas from a supplier not regulated by the commission and who must use the gas utility's system to transport the gas are not subject to effective competition unless the customers have or can reasonably acquire the capability to bypass the gas utility's system to obtain gas from a supplier not regulated by the commission.* A customer subject to effective competition may elect to take service either under the flexible tariff or under the appropriate nonflexible tariff for that class of service set in accordance with section 216B.03, provided that a customer that uses an alternative energy supply or service ~~other than indigenous biomass energy supplies~~ from a supplier not regulated by the commission for reasons of price ~~shall be~~ *are* deemed to have elected to take service under the flexible tariff.

Subd. 2a. [DISTRICT HEATING CUSTOMERS.] *Notwithstanding subdivision 2, a gas utility may not apply a flexible tariff or otherwise reduce its rates to compete with customers of district heating facilities as of June 1, 1987. This subdivision expires July 1, 1992.*

Subd. 3. [ESTABLISHING OR CHANGING A FLEXIBLE TARIFF.] The commission may establish a flexible tariff through a miscellaneous rate filing only if the filing does not seek to recover ~~any~~ revenues ~~which~~ the utility expects to lose by implementing flexible tariffs from ~~any~~ customers who do not take service under the flexible tariff, nor to change ~~any other rates~~ *another rate*. If a gas utility requests authority to establish a flexible tariff and as part of that request seeks to recover ~~any~~ revenues ~~which~~ the utility expects to lose by implementing flexible tariffs from ~~any~~ customers who do not take service under the flexible tariff or to change ~~any~~ other rates the commission may only establish that flexible tariff within a general rate case for that gas utility. ~~The commission may only change the rates in a flexible tariff within a gas utility's general rate case.~~

Subd. 4. [RATES AND TERMS OF SERVICE.] Whenever the commission authorizes a flexible tariff, it shall set the terms, and conditions of service for that tariff, ~~which shall include~~ *including*:

(1) ~~that~~ the minimum rate for the tariff, *which must* recover at least the incremental cost of providing the service;

(2) ~~that there is no upward~~ *the* maximum ~~for the~~ rate *for the tariff; and*

(3) *a requirement* that a customer who elects to take service under the flexible tariff remain on that tariff for a reasonable period of time~~, which shall not be less than one year; and~~.

~~(4) that any customer changing from a flexible tariff to the appropriate nonflexible tariff for that class pay all costs incurred by the utility due to that change.~~

The commission may set the terms and conditions of service for a flexible tariff in a gas utility proceeding, a miscellaneous filing, or a complaint proceeding under section 216B.17.

Subd. 5. [RECOVERY OF REVENUES.] In a general rate case ~~which~~ *that* establishes a flexible tariff for a gas utility, and in each general rate case of a gas utility for which a flexible tariff has been authorized, the commission shall determine a projected level of revenues and expenses from services under that tariff ~~based on a single target rate for all sales under that tariff, which projection shall be used~~ *and use the projection* to

determine the utility's overall rates. That ~~target rate~~ *method* used to establish a level of projected revenues ~~shall~~ *may* not limit the gas utility's ability or right to set rates for ~~any~~ *a* customer taking service under the flexible tariff.

Subd. 6. [INTERIM FLEXIBLE TARIFF.] Notwithstanding section 216B.16, subdivision 3, if a gas utility files with the commission to establish or change a flexible tariff the commission shall permit the proposed flexible tariff to take effect on an interim basis no later than 30 days after filing. If any customers receive an increase in rates during the period that an interim flexible tariff is in effect, the increase is subject to refund as provided in section 216B.16, subdivision 3. The gas utility shall provide ten days written notice, or other notice as may be established by contract not to exceed 30 days, to a customer before implementing an interim rate ~~increase~~ *change* for that customer under this section.

Subd. 7. [FINAL DETERMINATION.] The commission shall make a final determination in a proceeding begun under this section for approval of a flexible tariff, other than a filing made within a general rate case, within 180 days of the filing by the gas utility.

Subd. 8. [STUDY AND REPORT.] *The department shall review the operation and effects of any rates implemented under this section. The review must include, at a minimum, an evaluation of the impact of flexible gas rates on alternative energy sources, including indigenous biomass energy, and the impact on the utility and its customers of setting a maximum rate for the tariff. The department shall submit its report to the legislature by January 1, 1995. The department shall assess gas utilities that utilize a flexible tariff under section 1 for the actual cost of conducting the study, not to exceed $5,000. Each utility utilizing a flexible tariff must be assessed an equal share of the cost.*

Sec. 2. Laws 1987, chapter 371, section 4, is amended to read:

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment~~, and are repealed effective July 1, 1990~~.

Sec. 3. [APPROPRIATION.]

$5,000 is appropriated from the general fund to the department of public service for the purpose of conducting the study required by section 1. The money is available until February 1, 1995.

Sec. 4. [EFFECTIVE DATES.]

Sections 1 and 3 are effective July 1, 1990. Section 2 is effective the day following final enactment."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, Gene Waldorf, Dean E. Johnson

House Conferees: (Signed) Joel Jacobs, Tom Osthoff, Tony L. Bennett

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2158 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2158 was read the third time, as amended by the Conference

Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Merriam	Ramstad
Anderson	Davis	Johnson, D.J.	Metzen	Renneke
Beckman	Decker	Knaak	Morse	Schmitz
Belanger	DeCramer	Knutson	Novak	Solon
Benson	Dicklich	Kroening	Olson	Spear
Berg	Flynn	Laidig	Pariseau	Storm
Berglin	Frank	Langseth	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Lessard	Piepho	
Chmielewski	Freeman	McGowan	Piper	
Cohen	Hughes	McQuaid	Pogemiller	

Mrs. Lantry, Messrs. Luther; Moe, D.M. and Waldorf voted in the negative.

So the bill, as amended by the Conference Committee, 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. 2147: A bill for an act relating to transportation; exempting fertilizer and agricultural chemical retailers from certain regulations on transporting hazardous materials; making certain private carriers subject to driver qualification rules; amending Minnesota Statutes 1988, section 221.033, subdivision 2; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a.

Senate File No. 2147 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

CONCURRENCE AND REPASSAGE

Mr. Frederickson, D.J. moved that the Senate concur in the amendments by the House to S.F. No. 2147 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2147: A bill for an act relating to transportation; temporarily exempting fertilizer and agricultural chemical retailers from certain regulations on transporting hazardous materials; making certain private carriers subject to driver qualification rules; requiring a study by the commissioner of transportation; amending Minnesota Statutes 1988, section 221.033, subdivision 2; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a.

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 51 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Kroening	Moe, D.M.	Renneke
Anderson	Decker	Laidig	Morse	Schmitz
Beckman	DeCramer	Langseth	Novak	Spear
Belanger	Flynn	Lantry	Olson	Storm
Berg	Frank	Larson	Pariseau	Stumpf
Berglin	Frederickson, D.J.	Lessard	Pehler	Vickerman
Bernhagen	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Bertram	Freeman	McGowan	Piepho	
Brataas	Hughes	McQuaid	Piper	
Chmielewski	Knaak	Merriam	Pogemiller	
Dahl	Knutson	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. 576: A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision.

Senate File No. 576 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 23, 1990

Ms. Piper moved that the Senate do not concur in the amendments by the House to S.F. No. 576, 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 to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 2445: A bill for an act relating to state government; establishing positions in the unclassified service; authorizing the commissioner of jobs and training to establish a position in the unclassified service; amending Minnesota Statutes 1988, section 268.0121, subdivision 3; Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1.

Senate File No. 2445 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

CONCURRENCE AND REPASSAGE

Mr. Kroening moved that the Senate concur in the amendments by the House to S.F. No. 2445 and that the bill be placed on its repassage as amended.

Mr. Moe, D.M. moved that the Senate do not concur in the amendments by the House to S.F. No. 2445, 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 question was taken on the adoption of the motion of Mr. Moe, D.M.

The roll was called, and there were yeas 13 and nays 43, as follows:

Those who voted in the affirmative were:

Brataas	Langseth	Moe, R.D.	Renneke	Waldorf
Chmielewski	Merriam	Morse	Spear	
DeCramer	Moe, D.M.	Peterson, R.W.	Vickerman	

Those who voted in the negative were:

Adkins	Dahl	Johnson, D.E.	McGowan	Pogemiller
Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Dicklich	Knaak	Metzen	Ramstad
Belanger	Flynn	Knutson	Novak	Reichgott
Benson	Frank	Kroening	Olson	Schmitz
Berg	Frederick	Lantry	Pariseau	Storm
Berglin	Frederickson, D.J.	Larson	Pehler	Stumpf
Bernhagen	Frederickson, D.R.	Lessard	Piepho	
Bertram	Hughes	Luther	Piper	

The motion did not prevail.

The question recurred on the motion of Mr. Kroening. The motion prevailed.

S.F. No. 2445 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 48 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	McQuaid	Purfeerst
Anderson	Decker	Knaak	Metzen	Ramstad
Beckman	Dicklich	Knutson	Moe, R.D.	Reichgott
Berg	Flynn	Kroening	Novak	Renneke
Berglin	Frank	Langseth	Olson	Schmitz
Bernhagen	Frederick	Lantry	Pariseau	Storm
Bertram	Frederickson, D.J.	Larson	Pehler	Stumpf
Brataas	Frederickson, D.R.	Lessard	Piepho	Vickerman
Chmielewski	Hughes	Luther	Piper	
Dahl	Johnson, D.E.	McGowan	Pogemiller	

Those who voted in the negative were:

DeCramer	Merriam	Peterson, R.W.	Spear	Waldorf
Marty	Moe, D.M.			

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2618 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2618

A bill for an act relating to public administration; appropriating money or reducing appropriations to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; excepting notification of committee chairs on certain capital projects; establishing a community college at Cambridge; clarifying the duties and powers of the higher education coordinating board; authorizing tuition reciprocity agreements with contiguous Canadian provinces; establishing a state matching grant program to match private gifts to endowment funds; requiring administrative service plans for technical colleges under certain circumstances; changing permitted kinds of investments for the permanent university fund; permitting capital gains of the fund to be used to support endowed academic chairs; authorizing the purchase of a certain building by the state university board; requiring development of a consumer information system for occupational programs; regulating public post-secondary plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota Statutes 1988, sections 136.60; 136.602; 136C.05, by adding a subdivision; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353.27, subdivision 3a; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 136A.04; 136A.08; 352.04, subdivisions 2 and 3; and 354B.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 1988, section 353.27, subdivision 3.

April 23, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2618, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2618 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [APPROPRIATIONS FOR HIGHER EDUCATION.]

The dollar amounts in the columns under "APPROPRIATIONS" are added to (or, if shown in parentheses, are subtracted from) the appropriations in Laws 1989, chapter 293, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure 1990 or 1991 means that the addition to or subtraction from the appropriations listed

under the figure are for the fiscal year ending June 30, 1990, or June 30, 1991, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 1991 unless the context intends another fiscal year.

SUMMARY BY FUND

	1990	1991	TOTAL
GENERAL	$(9,783,400)	$(11,276,600)	$(21,060,000)

Summary by Agency — All Funds

Higher Education Coordinating Board	(9,783,400)	(4,097,100)	(13,880,500)
State Board of Vocational Technical Education		(1,583,500)	(1,583,500)
State Board for Community College		(1,076,500)	(1,076,500)
State University Board		(1,930,100)	(1,930,100)
Regents of the University of Minnesota		(2,589,400)	(2,589,400)

APPROPRIATIONS

Available for the Fiscal Year Ending June 30

	1990	1991
Sec. 2. HIGHER EDUCATION COORDINATING BOARD - TOTAL	(9,783,400)	(4,097,100)

Subdivision 1. Agency Administration

Affiliate membership in the Western Interstate Commission on Higher Education.

46,300

Subd. 2. State Grants

(9,783,400) (5,033,400)

The HECB shall study ways to redefine the cost of living allowance to more accurately reflect actual costs of living. The board shall examine ways to develop cost of living categories to differentiate among students with different living arrangements and family responsibilities, including child care. The board shall examine whether other items involved in the cost of living should be used in determining categories. The board shall report its findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1991.

The HECB shall examine the feasibility of using a student loan program, including the SELF

program, to assist students whose eligibility for child care grants has expired. The board shall report its findings and recommendations to the education divisions of the house appropriations and senate finance committees by February 1, 1991.

The HECB shall review the percentage of child care grant money authorized for administrative costs on campuses, report on its expenditures of this money, and make any recommendations for changing the percentage levels to the education divisions of the house appropriations and senate finance committees as part of its 1991 biennial budget request.

The HECB shall work with the Minnesota Association of Financial Aid Administrators to simplify the procedures and methods required to calculate child care grants. The HECB shall report on its progress towards simplification as part of its 1991 biennial budget request.

During the biennium, a campus, post-secondary system, or school district must not reallocate child care program administration money, unless the money is reallocated to child care grants.

The HECB shall amend its child care grant rules to include provisions for campuses that contract with counties for program administration. The rules shall make the campuses accountable for county decisions related to the program, and shall require the campuses to develop on-campus mechanisms for student appeals.

Subd. 3. Interstate Tuition Reciprocity

750,000

If an unencumbered balance is projected in the appropriation for the state grant program after October 1, 1990, the HECB may transfer funds to the appropriation for Interstate Tuition Reciprocity. Prior to the transfer, the HECB shall seek the advisory recommendation of the legislative advisory commission.

Subd. 4. Rural Health Programs

140,000

Of this amount, $120,000 is for pre-nursing grants and $20,000 is for program administration.

Subd. 5. The higher education coordinating board may transfer unencumbered balances from

the appropriations in this section to the state grant appropriation. Before the transfer, the higher education coordinating board shall consult with the chairs of the house appropriations and senate finance committees.

Sec. 3. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION - TOTAL (1,583,500)

Subdivision 1. General Base Reduction

(840,500)

Subd. 2. Teachers' Retirement Plan Employers' Contribution

(793,000)

Subd. 3. State Council on Vocational Technical Education

50,000

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES - TOTAL (1,076,500)

Subdivision 1. General Base Reduction

(466,500)

Subd. 2. Teachers' Retirement Plan and Minnesota State Retirement System Employers' Contribution

(610,000)

Sec. 5. STATE UNIVERSITY BOARD - TOTAL (1,930,100)

Subdivision 1. General Base Reduction

(858,100)

Subd. 2. Teachers' Retirement Plan and Minnesota State Retirement System Employers' Contribution

(1,072,000)

Subd. 3. Authorized Transfer

The appropriation in Laws 1987, chapter 400, section 19, subdivision 4, item (c), may be used to acquire land adjacent to, or in the vicinity of, Moorhead State University as needed to develop the campus, and may be used to construct parking spaces on the campus.

Sec. 6. REGENTS OF THE UNIVERSITY OF MINNESOTA - TOTAL (2,589,400)

Subdivision 1. Enrollment Projections

With respect to Laws 1989, chapter 293, section 6, subdivision 2(a), the 7th paragraph, the regular session enrollment projected for the

appropriation is 35,679 full-year equivalent undergraduate students for the first year and 33,750 for the second year. For developing the next biennial budget request, the regular session undergraduate enrollment used for the average cost funding formula must not exceed these numbers. For the biennium ending June 30, 1991, tuition income resulting from students in excess of the projections reduces the general fund appropriation by a like dollar amount. The legislature further anticipates that the regular session full-year equivalent undergraduate students must not exceed 31,600 by fiscal year 1993. The university shall submit progress reports on the attainment of the anticipated enrollments. If the university attains these enrollment goals, the calculation for the average cost funding formula must not reduce the budget base.

Subd. 2. General Base Reduction

(2,235,400)

Subd. 3. Minnesota State Retirement System Employers' Contribution

(554,000)

Subd. 4. Rural Physicians' Associates Program

200,000

$200,000 is to increase participation in the rural physicians' associates program. The Minnesota Medical Association shall assist the university's effort by locating the preceptors for the program. The board of regents shall report, as part of its 1991 biennial budget request, on the feasibility of increasing the participation to approximately 40 students per year, on the need to increase the subsidy per student, and on the cost implications of these increases.

Sec. 7. POST-SECONDARY SYSTEMS

Subdivision 1. The public post-secondary governing boards, the department of finance, and the department of administration shall develop jointly a set of detailed criteria to assist the legislature in making decisions on child care facility requests. The boards and departments shall submit a joint report to the education divisions of the house appropriations and senate finance committees by March 1, 1991.

Subd. 2. Each public higher education system shall develop a parking plan. The plan shall include consideration of establishing parking fees for each campus at a level that will provide adequate revenue to construct, repair, and maintain the parking lots. The plan must be submitted to the legislature in the 1991 biennial budget document.

ARTICLE 2

PENSIONS

Section 1. Minnesota Statutes 1989 Supplement, section 352.04, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to ~~4.34~~ *4.15* percent of salary~~, beginning with the first full pay period after June 30, 1989~~. These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 2. Minnesota Statutes 1989 Supplement, section 352.04, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] *(a)* The employer contribution to the fund must be equal to ~~4.51~~ *4.29* percent of salary ~~beginning with the first full pay period after June 30, 1989~~.

(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.

Sec. 3. Minnesota Statutes 1988, section 352.92, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] ~~Beginning with the first full pay period after July 1, 1984,~~ *(a)* In lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees an amount equal to ~~8.70~~ *6.27* percent of salary.

(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.

Sec. 4. Minnesota Statutes 1988, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. [EMPLOYER CONTRIBUTIONS.] *(a)* In addition to member contributions, department heads shall pay a sum equal to ~~18.9~~ *14.88* percent of the salary upon which deductions were made, which shall constitute the employer contribution to the fund. Department contributions must be paid out of money appropriated to departments for this purpose.

(b) By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the employer and employee contribution rates in effect and whether the total amount is less than, the same as, or more than the actuarial requirement determined under section 356.215.

Sec. 5. Minnesota Statutes 1988, section 354.42, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL EMPLOYER CONTRIBUTION.] To amortize the unfunded actuarial accrued liability computed under the entry age actuarial cost method and disclosed under the annual actuarial valuations prepared by the commission-retained actuary under section 356.215, an additional employer contribution shall be made in the amount of ~~4.48~~ *3.64* percent of the salary of each member.

This contribution ~~shall~~ *must* be made in the manner provided in section 354.43.

By January 1 of each year, the board of directors shall report to the legislative commission on pensions and retirement, the chair of the committee on appropriations of the house of representatives, and the chair of the committee on finance of the senate on the amount raised by the additional employer contribution rate in effect and whether that amount is less than, the same as, or more than the required amortization contribution determined under section 356.215.

Sec. 6. [STATE-PAID HEALTH INSURANCE; CERTAIN EMPLOYEES.]

An executive branch employee who is covered by a retirement plan established under Minnesota Statutes, chapter 352 or 352B, or an employee of the Minnesota state retirement system, the teachers retirement association, or the public employees retirement association, is eligible for state-paid hospital, medical, and dental benefits if the person:

(1) is eligible for state-paid insurance under Minnesota Statutes, section 43A.18, or other law;

(2) has at least 25 years of state service;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires after the effective date of this section and before July 1, 1990.

An employee who is eligible both for the health insurance benefit under this section and for an early retirement incentive under a collective bargaining agreement or plan established under Minnesota Statutes, section 43A.18, must choose between that early retirement incentive and the benefit provided under this section and may not have both. For purposes of this section, a person retires when the person terminates active employment in state service and applies for a retirement annuity. The retired employee is eligible for coverages to which the person was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under Minnesota Statutes, section 43A.18, for employees in positions equivalent to the position from which they retired. The retired employee is not eligible for state-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when

the employee chooses not to receive the annuity for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

An employee who retires under this section using the Rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Sec. 7. [APPROPRIATION REDUCTIONS.]

The sums shown in parentheses are reduced from the appropriations from the general fund, or another named fund, for the fiscal year ending June 30, 1990, to the agencies indicated.

(a) General fund	*(2,206,000)*
(b) Trunk highway fund	*(1,864,000)*
(c) Other funds	*(1,149,000)*

With the exception of appropriations made to the University of Minnesota, the Community College System, the Technical College System, and the State University System, the commissioner of finance shall reduce each state agency's fiscal year 1991 appropriation by an amount equal to the sum of:

(1) .22 percent of the agency's fiscal year 1991 salaries paid to employees covered by the general state employee retirement plan established in Minnesota Statutes, chapter 352.

(2) 2.43 percent of the agency's fiscal year 1991 salaries paid to employees covered by the correctional employees retirement plan established in Minnesota Statutes, chapter 352.

(3) 4.02 percent of the agency's fiscal year 1991 salaries paid to employees covered by the state patrol retirement plan established in Minnesota Statutes, section 352B.02.

(4) .84 percent of the agency's fiscal year 1991 salaries paid to employees covered by the teacher's retirement plan established in Minnesota Statutes, chapter 354.

The appropriation reductions made under this section are permanent reductions to each agency's budget.

Sec. 8. [EFFECTIVE DATES.]

Sections 1 to 5 are effective July 1, 1990, and apply to pay periods beginning with the first full pay period after June 30, 1990.

Section 6 is effective the day following final enactment.

ARTICLE 3

PLANNING AND OPERATIONS

Section 1. [LEGISLATIVE INTENT.]

During the biennium, to ensure fiscal responsibility and to protect current levels of academic quality and funding, the legislature intends that greater oversight be given to (1) the development and establishment of off-campus post-secondary centers, permanent sites, and other large-scale or long-term operations that are intended to provide academic programs, courses, or student services; and (2) the management of enrollment on and off campus.

Sec. 2. Minnesota Statutes 1989 Supplement, section 135A.06, subdivision 3, is amended to read:

Subd. 3. [SYSTEM PLANS.] Each system shall develop a program plan for instruction, research, and public service. Each system shall consult with the higher education coordinating board and with the other systems throughout the planning process. The higher education coordinating board shall coordinate intersystem efforts in the development of the program plans to achieve intersystem cooperation and differentiation.

Each planning report shall consider at least the following elements:

(1) a statement of program priorities for undergraduate, graduate, and professional education, including data about program cost and average class size within each institution;

(2) the effects of proposed programmatic and enrollment changes on other systems and campuses;

(3) a review of plans for adjusting the number of facilities, staff, and programs to projected level of demand, including consideration of campus and program mergers, campus and program closings, new governance structures, the relationship between fixed costs and projected enrollment changes, and consolidation of institutions, services, and programs that serve the same geographic area under different governing boards;

(4) a review of the current and projected use of community outreach and extension programs ~~including information~~ on all off-campus sites, *including at least information for each site from the inventory established in section 9*;

(5) enrollment projections for two, five, and ten years based on recent available projections produced by the higher education coordinating board or, if different projections are used, they shall be compared to those prepared by the higher education coordinating board, and the system shall identify the method and assumptions used to prepare its projections;

(6) estimated financial costs and savings of alternative plans for *(i)* adjusting facilities, staff, and programs to changing enrollments and fiscal resources, *and (ii) managing enrollments and resources to better utilize existing facilities and staff, and to protect academic quality*;

(7) opportunities for providing services cooperatively with other public and private institutions in the same geographic area; and

(8) differentiating and coordinating missions to reduce or eliminate duplication of services and offerings, to improve delivery of services, and to establish clear and distinct roles and priorities.

Sec. 3. Minnesota Statutes 1989 Supplement, section 135A.06, is amended by adding a subdivision to read:

Subd. 6. [SUBMISSION TO LEGISLATURE.] *Each public post-secondary governing board shall submit the information on off-campus sites required in subdivision 3, clause (4), to the legislature with its biennial budget request in odd-numbered years, and shall update the information with its supplemental budget request in the even-numbered years. The board shall provide detailed information on the use of state appropriated funds in support of each site, including information on the effects on campuses of funding off-campus sites.*

Sec. 4. Minnesota Statutes 1989 Supplement, section 136.03, is amended by adding a subdivision to read:

Subd. 3. The state board and the state universities must not establish any off-campus centers or other permanent sites located off state university campuses to provide academic programs, courses, or student services without authorizing legislation. For the purposes of this subdivision, the campus of Metropolitan State University is the seven-county metropolitan area.

Sec. 5. Minnesota Statutes 1988, section 136.62, is amended by adding a subdivision to read:

Subd. 8. The state board and the community colleges must not establish any off-campus centers or other permanent sites located off community college campuses to provide academic programs, courses, or student services without authorizing legislation.

Sec. 6. Minnesota Statutes 1989 Supplement, section 136A.04, is amended to read:

136A.04 [DUTIES.]

Subdivision 1. The higher education coordinating board shall:

(1) continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the state;

(2) continuously engage in long-range planning for the needs of higher education and, if necessary, cooperatively engage in planning with neighboring states and agencies of the federal government;

(3) act as successor to any committee or commission previously authorized to engage in exercising any of the powers and duties prescribed by sections 136A.01 to 136A.07;

(4) review, approve or disapprove, make recommendations, and identify priorities with respect to all proposals for new ~~or~~, additional, *or changes in existing* programs *or large-scale or permanent sites* of instruction ~~or substantial changes in existing programs~~ to be established in or offered by~~, the University of Minnesota, the state universities, the community colleges, technical institutes,~~ *public post-secondary institutions* and, *with respect to programs only,* private ~~collegiate and noncollegiate~~ post-secondary institutions. *The board shall forward its recommendations on sites to the chairs of the house appropriations and senate finance committees.* The board shall also periodically review existing programs and recommend discontinuing or modifying any existing program. When reviewing ~~new or existing programs~~ *a site or program*, the board shall consider whether ~~the program~~ *it* is unnecessary, a needless duplication ~~of existing programs~~, beyond the

capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission;

(5) develop in cooperation with the post-secondary systems, house appropriations committee, senate finance committee, and the departments of administration and finance, a compatible budgetary reporting format designed to provide data of a nature to facilitate systematic review of the budget submissions of the ~~University of Minnesota, the state university system, the community college system, and the technical institutes~~ *public post-secondary institutions*, which includes the relating of dollars to program output;

(6) review budget requests, including plans for construction or acquisition of facilities, of the ~~University of Minnesota, the state universities, the community colleges, and technical institutes~~ *public post-secondary institutions* for the purpose of relating present resources and higher educational programs to the state's present and long-range needs; and conduct a continuous analysis of the financing of post-secondary institutions and systems, including the assessments as to the extent to which the expenditures and accomplishments are consistent with legislative intent;

(7) obtain from private post-secondary institutions receiving state funds a report on their use of those funds;

(8) continuously monitor and study the transferability *of credits* between Minnesota post-secondary ~~and higher education~~ institutions ~~of credits~~, earned for equal and relevant work at those institutions, the degree to which credits earned at one institution are accepted at full value by the other institutions, and the policies of these institutions concerning the placement of these transferred credits on transcripts; and

(9) prescribe policies, procedures, and rules necessary to administer the programs under its supervision.

Subd. 2. The higher education coordinating board shall review and make recommendations regarding a plan or proposal for a new or additional program of instruction or a ~~substantial~~ change in an existing program of instruction to be offered by a technical institute within 45 days of the transmission of approval of the plan or proposal to the higher education coordinating board by the state board of vocational technical education. The higher education coordinating board shall then transmit a written explanation of its recommendations within five days of board action to the director of the applying technical institute and to the state director of vocational technical education.

Sec. 7. Minnesota Statutes 1988, section 136C.04, is amended by adding a subdivision to read:

Subd. 20. The state board and the technical colleges must not establish any off-campus centers or other permanent sites located off technical college campuses to provide academic programs, courses, or student services without authorizing legislation.

Sec. 8. [137.40] [OFF-CAMPUS SITES AND CENTERS.]

The board of regents and the university campuses are requested to not establish any off-campus centers or other permanent sites located off university campuses to provide academic programs, courses, or student services without authorizing legislation.

Sec. 9. [INVENTORY.]

Subdivision 1. [HECB.] *By November 1, 1990, the higher education coordinating board shall compile an inventory of all existing off-campus sites and centers for each post-secondary system and institution that includes at least the following information: total full year equivalent and head count enrollment, number of course offerings in each field of study, degrees available and number awarded, location and type of facilities, leasing or other arrangements and cost, and the amount and sources of funding. The board shall also compile an inventory of program offerings on the campuses and at the off-campus sites.*

Subd. 2. [HEAC.] *The higher education advisory council, in cooperation with the higher education coordinating board, shall determine categories of off-campus sites and criteria to use in placing sites within categories.*

Subd. 3. [HECB.] *The higher education coordinating board, and the post-secondary governing boards, shall review the categories and criteria and the information included in the inventory to determine whether these are sufficient for incorporating into system planning activities and enhanced program review activities. As part of its review, the HECB shall examine duplication in programs offered on and off campus and the level of the systems' cooperative efforts. The board shall also consider overlap in system missions. The HECB shall report its findings and recommendations to the house appropriations and senate finance committees by February 15, 1991.*

Sec. 10. [CONDITIONS.]

(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements, significantly increase the course offerings at off-campus sites, enter any 2 + 2 arrangements, or significantly increase staffing levels for off-campus sites between the effective date of this section and the end of the 1990-1991 academic year. A current long-term lease may be renewed if it expires during this period. The board of regents is requested to abide by these conditions until the end of the 1990-1991 academic year.

(b) This section does not apply to actions of Metropolitan State University that are part of its plan to consolidate its sites in the seven-county metropolitan area. The state university board shall consult with the chairs of the house appropriations and senate finance committees in carrying out its plans. For purposes of this paragraph, "plan to consolidate" does not include entering into any 2 + 2 arrangements.

Sec. 11. [ENROLLMENT REPORT.]

Each public post-secondary governing board, excluding the board of regents, shall develop a plan for managing enrollments. The plan must include consideration of methods of: encouraging better student preparation, redistributing selected students or programs, encouraging students to complete programs earlier, using existing space more efficiently, changing marketing strategies, and reducing duplication of programs by suggesting which academic and technical programs or courses would most appropriately be offered on each existing campus in the state university, community college, and technical college system. The plan must address ways in which each campus can provide sufficient access and preserve or improve quality, given its present physical capacity and funding level. Each

plan shall be submitted to HECB for review and comment by December 1, 1990. The HECB shall submit the plans and its review to the house education and appropriations and senate education and finance committees by February 15, 1991. The board of regents shall submit information on its enrollment management, the effects of its enrollment changes, and other measures of its progress in improving its quality of education to the committees by the same date.

Sec. 12. [SYSTEM PLANS.]

Subdivision 1. [ALL SYSTEMS.] *Notwithstanding Minnesota Statutes, section 135A.06, in place of system plans, the public post-secondary systems shall submit plans for providing undergraduate and practitioner-oriented graduate programs in the seven-county metropolitan area to the higher education coordinating board.*

Additionally, each public post-secondary governing board shall review its current mission statement. Each board shall determine whether the statement accurately reflects its mission and the role of its system in the mission differentiation efforts, and recommend any changes its statement requires. The boards shall submit their mission statements and recommendations to the higher education coordinating board with their metropolitan area plans by December 1, 1990.

The higher education coordinating board shall review and comment on the plans and mission statements and report to the legislature and governor by February 15, 1991.

Sec. 13. [EFFECTIVE DATES.]

Subdivision 1. Sections 1, 4, 5, and 7 to 12 are effective the day following final enactment.

Subd. 2. Section 6 is effective July 1, 1991.

ARTICLE 4

RURAL HEALTH PROGRAMS

Section 1. [136A.1351] [DEFINITION; DESIGNATED RURAL AREA.]

In sections 136A.1352 and 136A.1355, "designated rural area" means a Minnesota community outside a ten-mile radius of a ranally area, which community: (1) has more than 2,000 persons per physician, including seasonal variation; and (2) has notified the higher education coordinating board of its need for a physician or nurse for the community.

For purposes of this definition, "ranally area" means a central city or cities and any adjacent built-up areas, plus other communities not connected by continuously built-up areas if population density exceeds 60 persons per square mile and the work force of the other communities significantly depends on the central city or cities.

Sec. 2. [136A.1352] [PRE-NURSING GRANTS.]

Subdivision 1. [ESTABLISHMENT.] *The higher education coordinating board shall provide grants to students who are entering or enrolled in registered nurse or licensed practical nurse programs, who have no previous nursing training or education, and who agree to practice in a designated rural area.*

Subd. 2. [ELIGIBILITY.] *(a) To be eligible to receive a grant, a student*

must be:

(1) a resident of the state of Minnesota;

(2) enrolled in a Minnesota school, college, or program of nursing to complete an educational program that would lead to the student's first licensure as a licensed practical nurse or as a registered nurse;

(3) willing to agree to serve at least three of the first five years following licensure in a designated rural area; and

(4) able to meet the financial need criteria established in section 136A.121 and board rules.

(b) The grant must be awarded for one academic year, but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent, but cannot continue after receipt of the nursing degree or certificate.

Subd. 3. [PRIORITY.] *If insufficient funds are available to meet the needs of all eligible applicants, the board shall give priority to applicants who reside in a designated rural area and applicants attending post-secondary institutions outside the seven-county metropolitan area.*

Subd. 4. [DETERMINATION OF NEED; AMOUNT OF AWARD.] *The determination of a student's need and the amount of a grant award must be based on the criteria established in section 136A.121 and related board rules. A grant under this section does not affect a recipient's eligibility for a state grant under section 136A.121.*

Sec. 3. [136A.1353] [NURSING GRANT PROGRAM FOR LICENSED PRACTICAL NURSES.]

Subdivision 1. [ESTABLISHMENT.] *A nursing grant program is established under the authority of the higher education coordinating board to provide grants to licensed practical nurses who are entering or enrolled in an educational program that would lead to licensure as a registered nurse.*

Subd. 2. [ELIGIBILITY.] *To be eligible to receive a grant, a student must be:*

(1) a resident of the state of Minnesota;

(2) a licensed practical nurse enrolled in a Minnesota school, college, or program of nursing to complete an educational program that would lead to licensure as a registered nurse; and

(3) eligible under any additional criteria established by the school, college, or program of nursing in which the student is enrolled.

The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] *Each school, college, or program of nursing that wishes to participate in the nursing grant program must apply to the higher education coordinating board for grant money, according to rules and policies established by the board. A school, college, or program of nursing must establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the nursing educational program*

and must give priority to students with the greatest financial need. Grants must be for a minimum of $500, but must not exceed $2,500 per year. Each school, college, or program of nursing must establish procedures for students to apply for and receive grants.

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] *The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a licensed practical nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1, 1991, and by August 1 of each later year.*

Subd. 5. [REPORT.] *The schools, colleges, or programs of nursing participating in the nursing grant program shall report to the higher education coordinating board on their program activity as requested by the board.*

Sec. 4. [136A.1354] [NURSING GRANT PROGRAM FOR REGISTERED NURSES.]

Subdivision 1. [ESTABLISHMENT.] *A nursing grant program is established under the authority of the higher education coordinating board to provide grants to registered nurses seeking to complete baccalaureate or master's degrees in nursing or a program of advanced nursing education.*

Subd. 2. [ELIGIBILITY.] *To be eligible to receive a grant, a student must be:*

(1) licensed as a registered nurse in Minnesota and have been employed as a nurse in the state for at least one year before re-enrolling in college;

(2) a resident of the state of Minnesota;

(3) enrolled in a Minnesota school or college of nursing to complete a baccalaureate or master's degree, or a program of advanced nursing education; and

(4) eligible under any additional criteria established by the school, college of nursing, or program of advanced nursing education, in which the student is enrolled.

The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] *Each school or college of nursing, or program of advanced nursing education, that wishes to participate in the nursing grant program must apply to the higher education coordinating board for money, according to rules and policies established by the board. A school or college of nursing, or program of*

advanced nursing education, must establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the educational program and must give priority to: (1) students with the greatest financial need; and (2) students enrolling to complete baccalaureate degrees in nursing. Grants must be for a minimum of $500, but must not exceed $2,500 per year. Each school or college of nursing, or program of advanced nursing education, must establish procedures for students to apply for and receive grants.

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] *The higher education coordinating board shall distribute funds each year to the schools or colleges of nursing, or programs of advanced nursing education, applying to participate in the nursing grant program based on the last academic year's enrollment of registered nurses in schools or colleges of nursing, or programs of advanced nursing education. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools or colleges of nursing, or programs of advanced nursing education. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school or college or nursing, or program of advanced nursing education, of its approximate allocation of money to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute money to the schools or colleges of nursing, or programs of advanced nursing education, by August 1, 1991, and by August 1 of each later year.*

Subd. 5. [REPORT.] *The schools or colleges of nursing, or programs of advanced nursing education, participating in the nursing grant program shall report to the higher education coordinating board on their program activity as requested by the board.*

Sec. 5. [136A.1355] [RURAL PHYSICIAN EDUCATION ACCOUNT.]

Subdivision 1. [CREATION OF ACCOUNT.] *A rural physician education account is established. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas.*

Subd. 2. [ELIGIBILITY.] *To be eligible to participate in the program, a prospective physician must submit a letter of interest to the higher education coordinating board while attending medical school. Before completing the first year of residency, a student or resident must sign a contract to agree to serve at least three of the first five years following residency in a designated rural area.*

Subd. 3. [LOAN FORGIVENESS.] *The higher education coordinating board may accept up to eight applicants per year for participation in the loan forgiveness program. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed $10,000, as a qualified loan. For each year that a participant serves as a physician in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans and the interest accrued on these loans. Participants who move their practice from one designated rural area to another remain eligible for loan*

repayment.

Subd. 4. [PENALTY FOR NONFULFILLMENT.] *If a participant does not fulfill the required three-year minimum commitment of service in a designated rural area, the higher education coordinating board shall collect from the participant the amount paid by the board under the loan forgiveness program. The higher education coordinating board shall deposit the money collected in the rural physician education account. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the three-year service commitment.*

Sec. 6. [HECB EVALUATION.]

The higher education coordinating board shall evaluate the programs established in sections 2 to 5. The initial evaluation must examine the progress in establishing the programs and must be reported to the house appropriations and senate finance committees by February 1, 1991. Beginning in 1992, and each year thereafter, the HECB shall report to the committees by February 1 on the operation of each program. The report must include an analysis of whether each program is achieving its goals and recommendations regarding whether each program should be terminated or changed.

Sec. 7. [RULES.]

The higher education coordinating board shall develop rules, including emergency rules if necessary, to implement the programs in sections 2 to 5. The emergency rules shall be effective until July 1, 1991.

Sec. 8. [FUNDING.]

Sections 3 and 4 are funded as provided in the 1990 health and human services supplemental appropriations act.

Sec. 9. [SUNSET.]

Sections 1 to 6 are repealed on June 30, 1995.

ARTICLE 5

PUBLIC SAFETY OFFICER'S SURVIVOR BENEFITS

Section 1. [299A.41] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *The definitions used in this section apply in this chapter.*

Subd. 2. [DEPENDENT CHILD.] *A "dependent child" means a person who is unmarried and who was either living with or was receiving support contributions from the public safety officer at the time of death, including a child by birth, a stepchild, an adopted child, or a posthumous child, and who is:*

(1) under 18 years of age;

(2) over 18 years of age and incapable of self-support because of physical or mental disability; or

(3) over 18 years of age and a student as defined by United States Code, title 5, section 8101.

Subd. 3. [KILLED IN THE LINE OF DUTY.] *"Killed in the line of duty" does not include deaths from natural causes.*

Subd. 4. [PUBLIC SAFETY OFFICER.] *"Public safety officer" includes:*

(1) a peace officer defined in section 626.84;

(2) a correction officer employed at a correctional facility and charged with maintaining the safety, security, discipline, and custody of inmates at the facility;

(3) a firefighter employed on a full-time basis by the state or by a fire department of a governmental subdivision of the state, who is engaged in the hazards of firefighting;

(4) a legally enrolled member of a volunteer fire department or member of an independent nonprofit firefighting corporation who is engaged in the hazards of firefighting;

(5) a good samaritan while complying with the request or direction of a public safety officer to assist the officer;

(6) a reserve police officer or a reserve deputy sheriff while acting under the supervision and authority of a political subdivision;

(7) a driver or attendant with a licensed basic or advanced life support transportation service who is engaged in providing emergency care; and

(8) a first responder who is certified by the commissioner of health to perform basic emergency skills before the arrival of a licensed ambulance service and who is a member of an organized service recognized by a local political subdivision to respond to medical emergencies to provide initial medical care before the arrival of an ambulance.

Subd. 5. [SPOUSE.] *"Spouse" means a person legally married to the decedent at the time of the decedent's death.*

Sec. 2. [299A.42] [PUBLIC SAFETY OFFICER'S BENEFIT ACCOUNT.]

The public safety officer's benefit account is created in the state treasury. Money in the account consists of money transferred and appropriated to that account.

Sec. 3. [299A.43] [ELIGIBILITY DETERMINATION; CONTESTED CASE.]

A challenge to a determination of eligibility by the commissioner of public safety must be heard as a contested case, except that the decision of the administrative law judge is binding on the parties to the proceeding. The order of the administrative law judge is the final decision of the commissioner. The hearing must be conducted according to sections 14.56 to 14.62 and is subject to appeal according to sections 14.63 to 14.68.

Sec. 4. [299A.44] [DEATH BENEFIT.]

On certification to the governor by the commissioner of public safety that a public safety officer employed within this state has been killed in the line of duty, leaving a spouse or one or more eligible dependents, the commissioner of finance shall pay $100,000 from the public safety officer's benefit account, as follows:

(1) if there is no dependent child, to the spouse;

(2) if there is no spouse, to the dependent child or children in equal shares;

(3) if there are both a spouse and one or more dependent children, one-half to the spouse and one-half to the child or children, in equal shares;

(4) if there is no surviving spouse or dependent child or children, to the parent or parents dependent for support on the decedent, in equal shares; or

(5) if there is no surviving spouse, dependent child, or dependent parent, then no payment may be made from the public safety officer's benefit fund.

Sec. 5. [299A.45] [EDUCATION BENEFIT.]

Subdivision 1. [ELIGIBILITY.] *Following certification under section 4 and compliance with this section and rules of the commissioner of public safety and the higher education coordinating board, dependent children less than 23 years of age and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at a Minnesota public post-secondary institution or a private, residential, two-year or four-year, liberal arts, degree granting college or university located in Minnesota. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of eight semesters or 12 quarters, whichever occurs first, are no longer eligible.*

Subd. 2. [AWARD AMOUNT.] *(a) The amount of the award is:*

(1) for public institutions, the actual tuition and fees charged by the institution, or

(2) for private institutions the lesser of (i) the actual tuition and fees charged by the institution or (ii) the highest tuition and fees charged by a public institution in Minnesota.

(b) An award under this subdivision must not affect a recipient's eligibility for a state grant under section 136A.121.

Subd. 3. [PAYMENT.] *On proof of eligibility for this program, an eligible institution, on behalf of the student, shall request payment of the award from the higher education coordinating board. An institution must not request payment unless the student is enrolled in or has completed the term for which the payment is intended.*

Subd. 4. [RENEWALS.] *Each award must be given for one academic year and is renewable for a maximum of six semesters or nine quarters or their equivalent. An award must not be given to a dependent child who is 23 years of age or older on the first day of the academic year.*

Sec. 6. [299A.46] [RULES.]

The commissioner of public safety may adopt rules, including emergency rules, under chapter 14 to implement, coordinate, and administer sections 1 to 4. The higher education coordinating board may adopt rules, including emergency rules, to implement, coordinate, and administer section 5.

Sec. 7. [REPORTS.]

By February 1, 1991, the commissioner of public safety shall report to the chairs of the house appropriations and senate finance committees on the use of the educational benefits provisions and on any recommendations to change these provisions. The higher education coordinating board shall report on its expenditures as part of its 1991 biennial budget request.

Sec. 8. [REPEALER.]

Minnesota Statutes 1988, sections 176B.01, as amended by Laws 1989, chapter 289, section 2; 176B.02; 176B.03; 176B.04; and 176B.05, are repealed.

Sec. 9. [MONEY SET ASIDE.]

The higher education coordinating board shall set aside $100,000 appropriated for the state grant program under Minnesota Statutes, section 136A.121 for the purpose of section 5.

Sec. 10. [EFFECTIVE DATES.]

Sections 1 to 4, 6, and 8 are effective the day following final enactment. Section 5 is effective July 1, 1990, and applies to all eligible surviving dependents and spouses of public safety officers killed in the line of duty on or after January 1, 1973.

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 1989 Supplement, section 16B.335, subdivision 2, is amended to read:

Subd. 2. [OTHER PROJECTS.] All other *capital* projects *except for those contained in agency operations budgets*, including building improvements, small structures at experiment stations, asbestos removal, life safety, PCB removal, tuckpointing, roof repair, code compliance, landscaping, drainage, electrical and mechanical systems work, paving of streets, parking lots, and the like must not proceed until the agency undertaking the project has notified the chair of the senate finance committee and the chair of the house appropriations committee that the work is ready to begin.

Sec. 2. [136A.0411] [COLLECTING FEES.]

The board may charge fees for seminars, conferences, workshops, services, and materials. The money is annually appropriated to the board.

Sec. 3. Minnesota Statutes 1989 Supplement, section 136A.05, is amended to read:

136A.05 [COOPERATION OF INSTITUTIONS OF HIGHER EDUCATION.]

Subdivision 1. All public institutions of higher education, all school districts providing post-secondary vocational education, and all state departments and agencies shall cooperate with and supply information requested by the higher education coordinating board in order to enable it to carry out and perform its duties. Private post-secondary institutions are requested to cooperate and provide information.

Subd. 2. The higher education coordinating board and public post-secondary institutions shall provide data, in a manner consistent with state and federal laws governing student records, to and as requested by the Minnesota house or senate for research projects and studies qualifying under Code of Federal Regulations, title 34, section 99.31(a)(6). Private post-secondary institutions are requested to cooperate and provide data. As a condition of receiving the data, the house or senate shall enter into an agreement with the board or institutions to ensure that the house or senate will not disclose any data that identify individuals.

Sec. 4. Minnesota Statutes 1989 Supplement, section 136A.08, is amended to read:

136A.08 [RECIPROCAL AGREEMENTS RELATING TO NONRESIDENT TUITION WITH OTHER STATES *OR PROVINCES*.]

Subdivision 1. [DEFINITIONS.] *For the purposes of this section, the terms "province" and "provincial" mean the Canadian province of Manitoba.*

~~Subdivision 1.~~ *Subd. 2.* [AUTHORIZATION.] The Minnesota higher education coordinating board may enter into agreements, on subjects that include remission of nonresident tuition for designated categories of students at public post-secondary institutions, with appropriate state *or provincial* agencies and public post-secondary institutions in other states *or provinces*. The agreements shall be for the purpose of the mutual improvement of educational advantages for residents of this state and other states *or provinces* with whom agreements are made.

Subd. ~~1a.~~ *3.* [WISCONSIN.] A higher education reciprocity agreement with the state of Wisconsin may include provision for the transfer of funds between Minnesota and Wisconsin provided that an income tax reciprocity agreement between Minnesota and Wisconsin is in effect for the period of time included under the higher education reciprocity agreement. If this provision is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the board and a duly designated agency representing Wisconsin. The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement. Any payments to Minnesota by Wisconsin shall be deposited by the board in the general fund of the state treasury. The amount required for the payments shall be certified by the executive director of the higher education coordinating board to the commissioner of finance annually.

Subd. ~~2.~~ *4.* [NORTH DAKOTA; SOUTH DAKOTA.] A reciprocity agreement with North Dakota may include provision for the transfer of funds between Minnesota and North Dakota. If provision for transfer of funds between the two states is included, the amount of funds to be transferred shall be determined according to a formula which is mutually acceptable to the board and a duly designated agency representing North Dakota. In adopting a formula, the board shall consider tuition rates in the two states and the number of students attending institutions in each state under the agreement. Any payment to Minnesota by North Dakota shall be deposited by the board in the general fund. The amount required for the payments shall be certified by the executive director of the higher education coordinating board to the commissioner of finance annually. All provisions in this subdivision pertaining to North Dakota shall also be applied to South Dakota, and all authority and conditions granted for higher education reciprocity with North Dakota are also granted for higher education reciprocity with South Dakota.

Subd. ~~3.~~ *5.* [FINANCIAL AID.] The board may enter into an agreement, with a state *or province* with which it has negotiated a reciprocity agreement for tuition, to permit students ~~from both states~~ to receive student aid awards from the student's state *or province* of residence for attending an eligible institution in the other state *or province*.

Subd. ~~4.~~ *6.* [~~GOVERNING BOARD~~ APPROVAL.] An agreement made by the board under this section is not valid as to a particular institution

without the approval of that institution's state *or provincial* governing board. *A valid agreement under this subdivision that incurs additional financial liability to the state, beyond enrollment funding adjustments, must be submitted to the chairs of the senate finance and house appropriations committees for review. The agreement remains valid unless it is disapproved in law.*

Sec. 5. Minnesota Statutes 1988, section 136A.15, as amended by Laws 1989, chapter 293, sections 33 to 35, is amended to read:

136A.15 [DEFINITIONS.]

Subdivision 1. For purposes of sections 136A.15 to 136A.1702, the terms defined in this section have the meanings ascribed to them.

Subd. 2. "Academic year or its equivalent" shall be as defined in the federal regulations which govern the administration of the National Vocational Student Loan Insurance Act of 1965 and title IV of the Higher Education Act of 1965.

Subd. 3. "Board" means the Minnesota higher education coordinating board.

Subd. 4. "Director" means the executive director of the Minnesota higher education coordinating board.

Subd. 5. "Province" means the Canadian province of Manitoba.

Subd. ~~5.~~ *6.* "Eligible institution" means any public educational institution and any private educational institution, in any state which is approved by the United States commissioner of education in accordance with requirements set forth in the Higher Education Act of 1965, as amended. *It also includes any institution chartered in a province.*

Subd. ~~6.~~ *7.* "Eligible lender" means an eligible institution, an agency or instrumentality of a state, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the state of Minnesota or of the United States.

Subd. ~~7.~~ *8.* "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state *or province*. Eligible student, except for purposes of section 136A.1701, includes parents of an eligible student as the term "parent" is defined in the Higher Education Act of 1965, as amended, and applicable regulations. Except for the purposes of section 136A.1701, eligible student also includes students eligible for auxiliary loans as the term "auxiliary" is defined in the Higher Education Act of 1965, as amended, and applicable regulations. An eligible student, for section 136A.1701, means a student who gives informed consent authorizing the disclosure of data specified in section 136A.162, paragraph (b), to a consumer credit reporting agency.

Subd. ~~8.~~ *9.* "Resident student" means a student who meets the conditions in section 136A.101, subdivision 8.

Sec. 6. Minnesota Statutes 1988, section 136C.05, is amended by adding a subdivision to read:

Subd. 7. [ADMINISTRATIVE SERVICES.] *A technical college must not contract for administrative services with a school board unless the services*

are approved by the state director as part of an administrative services plan. Each school board affected by this subdivision shall submit an administrative services plan to the state director.

Sec. 7. Minnesota Statutes 1988, section 136C.08, subdivision 2, is amended to read:

Subd. 2. Any fee established by the board ~~pursuant to~~ *under* the authority granted in subdivision 1 ~~shall not exceed $1 per day per vehicle~~ *must be approved by the state board*. Parking fees collected shall be deposited in the general or repair and betterment fund of the school district or joint school district.

Sec. 8. Minnesota Statutes 1988, section 137.022, subdivision 1, is amended to read:

Subdivision 1. [INVESTMENT.] The investment management of the permanent university fund shall be under the jurisdiction of the board of regents of the University of Minnesota, subject to any limitations imposed by the Constitution of the state of Minnesota, article XI, section 9. All securities and cash held in the state treasury credited to the permanent university fund that are unappropriated or unencumbered are transferred and appropriated to the board of regents of the University of Minnesota solely for the purpose of investment by them~~, with the restriction that all such investment transactions be handled through the supervision of investment counselors, bank trust departments, or insurance companies which are organized, licensed, or have registered offices within the state of Minnesota or have agreed in writing to conduct such securities transactions and investment counseling under Minnesota law and the rules established by the department of commerce. These~~. *The* investments ~~shall be~~ *are* restricted to those ~~authorized~~ as ~~eligible for use in the Minnesota postretirement investment fund, section 11A.18, with the exception that corporate debt securities may be used to the extent of 80 percent of the portfolio~~ *the state board of investment may invest in under section 11A.24*.

Sec. 9. Minnesota Statutes 1988, section 137.022, subdivision 3, is amended to read:

Subd. 3. [ENDOWED CHAIRS.] *(a)* The income from the permanent university fund must be used, *and capital gains of the fund may be used,* to ~~help endow~~ *provide endowment support for* professorial chairs in academic disciplines. ~~This income~~ *The endowment support for the chairs from the income and the capital gains must not total more than six percent per year of the 36-month trailing average market value of the fund, as computed quarterly or otherwise as directed by the regents. The endowment support from the income and the capital gains* must not provide more than half the sum of the ~~endowments~~ *endowment support* for all chairs endowed, with nonstate sources providing the remainder. The *endowment support from the* income *and the capital gains* may provide more than half the endowment *support* of an individual chair.

(b) If any portion of the annual appropriation ~~that~~ *of the income* is not used for ~~this~~ *the* purpose *specified in paragraph (a), that portion* lapses and must be added to the principal of the permanent university fund.

Sec. 10. Laws 1989, chapter 293, section 2, subdivision 2, is amended to read:

Subd. 2. Agency Administration

$3,900,000	$2,972,000

(a) The optometry and osteopathy contract program for students who were in the program in the 1986-1987 academic year must be discontinued on June 30, 1990. No new students may be admitted.

(b) As part of its 1991 biennial budget request, the HECB shall report its recommendations for improvements to the SELF program.

(c) Notwithstanding Laws 1987, chapter 401, section 33, the task force on post-secondary quality assessment may continue for the 1989-1991 biennium. The task force membership may be expanded to include public members appointed by the higher education advisory council from nominees submitted by the HECB.

(d) No further funding of the enterprise development centers shall be provided through the HECB. The Greater Minnesota Corporation may provide funding for the centers.

(e) $150,000 for the biennium is for matching grants to post-secondary institutions that submit acceptable proposals for campus community service projects emphasizing students performing as tutors or mentors to their younger peers. Campus community service projects attempt to instill in students the value of civic involvement and the belief that each student's community service can make a difference in the community. The HECB may award up to 20 grants. To receive a grant, a recipient must match the grant amount from any resources available to the institution. The state grant is for a staff person on each recipient's campus to coordinate student community service involvement. Up to $25,000 of the appropriation may be used for HECB administration, coordination, training, consultation, and evaluation costs. The legislature intends the grant program to be phased out at the end of the biennium to be replaced by 100 percent funding by the recipient institutions from any resources available to the institution.

(f) The HECB shall undertake the second phase of the study of post-secondary needs in the state, as provided in Laws 1988, chapter 703, article 1, section 2, subdivision 3. This phase must concentrate on those parts of the state outside the St. Cloud to Rochester population corridor. The HECB may contract for portions of the study, as necessary, but is not subject to Minnesota Statutes, chapter 16B. Before

proceeding with the request for proposals, the HECB shall consult with the post-secondary systems, institutions, and other relevant agencies to locate studies and market analyses that could be used in conducting phase 2. The study must focus on (1) an assessment of the current and future conditions and needs; (2) strategies to meet these needs; (3) costs associated with the strategies; and (4) effects of the strategies on existing institutions, state policies, quality of education, *improvement of intersystem cooperation, reduction of duplication,* and system and institutional missions.

The study should include consideration of at least the following concerns: the current and projected demographic and participation trends; current levels and types of services available; *and* needs of traditional and nontraditional students~~; the geographical accessibility of services needed by different types of students; uses of alternative delivery systems, instructional technology, cooperative efforts, and reciprocity agreements; relationships between post-secondary institutions and business; and the physical capacity of existing institutions. The study shall analyze attendance patterns and may include market surveys~~. The HECB shall report the findings of the study to the education and finance committees of the senate and the education and appropriations committees of the house by ~~December 1, 1990. By January 1, 1991, the HECB shall review and comment on each of the strategies proposed in the study~~ *March 15, 1991*. In submitting the findings of phase 2, the board shall relate them to the results of phase 1 and their implications for statewide policy.

The study shall serve as the 1990 intersystem plan as required in Minnesota Statutes, section 135A.06, subdivision 2.

(g) The HECB shall analyze and make recommendations on plans submitted for providing undergraduate and practitioner-oriented graduate programs in the seven-county metropolitan area. By February 1, 1990, the HECB shall report on its recommendations to the education and finance committees of the senate and the education and appropriations committees of the house.

Sec. 11. [LOURDES HALL PURCHASE.]

The state university board may purchase Lourdes Hall, located on the campus of the former college of St. Teresa in Winona, for use as a residential

college. The purchase may be by contract for deed. If the contract is terminated for default by the board, the seller's exclusive remedies are to retain the payments previously made and repossess the property; the seller must not sue on the contract to recover any additional amounts due under the contract. Responsibility for insuring the property during the term of the contract must be on the seller. Before finalizing the purchase agreement, the board shall obtain the advisory recommendations of the chairs of the senate finance and house appropriations committees.

Sec. 12. [CONSUMER INFORMATION SYSTEM.]

The public post-secondary state governing boards, and private post-secondary colleges and occupational and technical institutions that enroll recipients of state grants, shall develop a consumer information system for occupational programs. The system must be based on student placement and must include all subbaccalaureate occupational programs and all programs that lead to an occupation requiring certification, licensure, or testing for entry. The first phase of the system must include all subbaccalaureate occupational programs. The higher education coordinating board must coordinate the development of the system and must report on it to the chairs of the house appropriations and the senate finance committees by February 15, 1991.

Sec. 13. [REPORT TO LEGISLATURE.]

The state board for community colleges shall report in the 1991 biennial budget document, recommendations for the appropriate administrative structure for a community college campus at Cambridge. In making its recommendations, the board shall review the combined administrative structure for the community colleges located in the Arrowhead and Clearwater regions of the state. The center at Cambridge will be designated as a community college if the legislature enacts an appropriation specifically for this purpose.

Sec. 14. [EFFECTIVE DATE.]

Sections 3 to 5, and 8 to 12 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; appropriating money or reducing appropriations to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; clarifying the duties and powers of the higher education coordinating board; expanding authorization for tuition reciprocity agreements; regulating off-campus centers; establishing rural health programs, and a public safety officer's survivor benefits program; providing for planning, operations, and acquisitions; regulating public post-secondary education system plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota Statutes 1988, sections 136.62, by adding a subdivision; 136A.15, as amended; 136C.04, by adding a subdivision; 136C.05, by adding a subdivision; 136C.08, subdivision 2; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 135A.06, subdivision 3, and by adding a subdivision; 136.03, by adding a subdivision; 136A.04; 136A.05; 136A.08; and 352.04, subdivisions 2 and 3; Laws 1989, chapter 293, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters

136A, 137, and 299A; repealing Minnesota Statutes 1988, sections 176B.01, as amended; 176B.02; 176B.03; 176B.04; and 176B.05."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Dean E. Johnson, Ronald R. Dicklich, Nancy Brataas

House Conferees: (Signed) Lyndon R. Carlson, John Dorn, Len Price, Howard Orenstein, Connie Morrison

Mr. Waldorf moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2618 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2618 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 12, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Laidig	Moe, R.D.	Renneke
Beckman	DeCramer	Langseth	Morse	Samuelson
Berg	Dicklich	Lantry	Novak	Schmitz
Berglin	Flynn	Lessard	Pariseau	Spear
Bertram	Frank	Luther	Pehler	Stumpf
Brandl	Frederickson, D.J.	Marty	Peterson, R.W.	Vickerman
Brataas	Frederickson, D.R.	McQuaid	Piper	Waldorf
Chmielewski	Hughes	Merriam	Pogemiller	
Cohen	Johnson, D.E.	Metzen	Purfeerst	
Dahl	Kroening	Moe, D.M.	Reichgott	

Those who voted in the negative were:

Anderson	Decker	Larson	Olson	Ramstad
Belanger	Frederick	McGowan	Piepho	Storm
Bernhagen	Knaak			

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:30 p.m. The motion prevailed.

The hour of 7:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2419, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2419 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1990

Mr. Kroening moved that H.F. No. 2419 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2317 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2317

A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

April 20, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2317, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2317 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 216B.62, subdivision 5, is amended to read:

Subd. 5. The commission and department shall be authorized to charge cooperative electric associations *and municipal electric utilities* their proportionate share of the expenses incurred in the adjudication of service area disputes and all of the costs incurred in the adjudication of complaints over service standards ~~and~~, practices, *and rates*. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section ~~216B.02~~ *216B.026*, subdivision 4, shall *also* be subject

to this section.

Sec. 2. [237.461] [ENFORCEMENT.]

Subdivision 1. [ACTIONS.] *This chapter and rules and orders of the commission adopted under this chapter may be enforced by any one or combination of: criminal prosecution, action to recover civil penalties, injunction, action to compel performance, and other appropriate action.*

Subd. 2. [CIVIL PENALTY.] *A person who knowingly and intentionally violates a provision of this chapter or rule or order of the commission adopted under this chapter shall forfeit and pay to the state a penalty, in an amount to be determined by the court, of at least $100 and not more than $1,000 for each day of each violation. The civil penalties provided for in this section may be recovered by a civil action brought by the attorney general in the name of the state. Amounts recovered under this section must be paid into the state treasury.*

Sec. 3. Minnesota Statutes 1988, section 237.51, subdivision 5, is amended to read:

Subd. 5. [DUTIES.] In addition to any duties specified elsewhere in sections 237.51 to 237.56, the board shall:

(1) define economic hardship, special needs, and household criteria so as to determine the priority of eligible applicants for initial distribution of devices and to determine circumstances necessitating provision of more than one communication device per household;

(2) establish a method to verify eligibility requirements;

(3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3;

(4) enter contracts for the establishment and operation of the message relay service pursuant to section 237.54;

(5) inform the public and specifically the community of communication-impaired persons of the program;

(6) prepare the reports required by section 237.55;

(7) administer the fund created in section 237.52;

(8) ~~retain the services~~ *reestablish and fill the position* of ~~a~~ program administrator *in the unclassified service*;

(9) adopt rules, including emergency rules, under chapter 14 to implement the provisions of sections 237.50 to 237.56; and

(10) study the potential economic impact of the program on local communication device retailers and dispensers. Notwithstanding any provision of chapter 16B, the board shall develop guidelines for the purchase of some communication devices from local retailers and dispensers if the study determines that otherwise they will be economically harmed by implementation of sections 237.50 to 237.56.

Sec. 4. [TASK FORCE.]

The task force established by Laws 1989, chapter 309, is continued until January 31, 1992. The speaker of the house of representatives and the subcommittee on committees of the senate committee on rules and administration shall each appoint five members of their respective houses to the

task force. At least one member from each house of the legislature must be a member of the minority caucus. The task force shall consider the results of the study required by section 5 and report its recommendations to the legislature by February 1, 1992.

Sec. 5. [STUDY.]

The department of public service may employ the services of a consultant to study issues raised in the report required by Laws 1989, chapter 309, section 1. The study must focus on the effect of utility capacity on rates, and must attempt to identify procedures and processes to review and coordinate capacity planning by regulated and unregulated utilities so that adequate attention is given not only to ways to meet future demand, but also to forecast and find efficient use for surplus capacity. The public utilities commission shall cooperate with the department on the study. The department may assess the costs of the study to the affected utilities in proportion to their gross operating revenues, but not more than $200,000 less any amount assessed under Laws 1989, chapter 309, section 1, subdivision 6. The department shall use the proceeds of any assessment under this section to cover its own costs and those incurred by the commission, including the cost of employing a consultant and staff time.

Sec. 6. [APPROPRIATION.]

Assessments collected under section 5 are appropriated to the department of public service to cover the costs associated with the study required by section 5. The money is available until March 1, 1992. Any money from assessments unexpended on that date remains in the general fund."

Delete the title and insert:

"A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ronald R. Dicklich, John J. Marty, Dean E. Johnson

House Conferees: (Signed) Joel Jacobs, Pat Beard, Ben Boo

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2317 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2317 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McGowan	Peterson, R.W.
Anderson	Dahl	Johnson, D.E.	McQuaid	Piepho
Beckman	Davis	Knaak	Merriam	Piper
Belanger	Decker	Knutson	Metzen	Ramstad
Benson	DeCramer	Kroening	Moe, D.M.	Renneke
Berglin	Dicklich	Laidig	Moe, R.D.	Schmitz
Bernhagen	Flynn	Langseth	Novak	Spear
Bertram	Frank	Lantry	Olson	Storm
Brandl	Frederick	Luther	Pariseau	Stumpf
Chmielewski	Gustafson	Marty	Pehler	Vickerman

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1813 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1813

A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

April 24, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1813, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1813 be further amended as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1989 Supplement, section 256B.092, subdivision 7, is amended to read:

Subd. 7. [SCREENING TEAMS ESTABLISHED.] (a) Each county agency shall establish a screening team which, under the direction of the county case manager, shall make an evaluation of need for home and community-based services of persons who are entitled to the level of care provided by an intermediate care facility for persons with mental retardation or related conditions or for whom there is a reasonable indication that they might require the level of care provided by an intermediate care facility. The screening team shall make an evaluation of need within 15 working days of the date that the assessment is completed or within 60 working days of a request for service by a person with mental retardation or related conditions, whichever is the earlier, and within five working days of an emergency admission of an individual to an intermediate care facility for persons with mental retardation or related conditions. The screening team shall consist of the case manager, the client, a parent or guardian, and a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 483.430, as amended through June 3, 1988. The case manager may also act as the qualified mental retardation professional if the case manager meets the federal definition. County social service

agencies may contract with a public or private agency or individual who is not a service provider for the person for the public guardianship representation required by the screening or individual service and habilitation planning process. The contract shall be limited to public guardianship representation for the screening and individual service and habilitation planning activities. The contract shall require compliance with the commissioner's instructions and may be for paid or voluntary services. For individuals determined to have overriding health care needs, a registered nurse must be designated as either the case manager or the qualified mental retardation professional. The case manager shall consult with the client's physician, other health professionals or other persons as necessary to make this evaluation. The case manager, with the concurrence of the client or the client's legal representative, may invite other persons to attend meetings of the screening team. No member of the screening team shall have any direct or indirect service provider interest in the case.

(b) In addition to the requirements of paragraph (a), the following conditions apply to the discharge of persons with mental retardation or a related condition from a regional treatment center:

(1) For a person under public guardianship, at least two weeks prior to each screening team meeting the case manager must notify in writing parents, near relatives, and the ombudsman established under section 245.92 or a designee, and invite them to attend. The notice to parents and near relatives must include: (i) notice of the provisions of section 252A.03, subdivision 4, regarding assistance to persons interested in assuming private guardianship; (ii) notice of the rights of parents and near relatives to object to a proposed discharge by requesting a review as provided in clause (7); and (iii) information about advocacy services available to assist parents and near relatives of persons with mental retardation or related conditions. In the case of an emergency screening meeting, the notice must be provided as far in advance as practicable.

(2) Prior to the discharge, a screening must be conducted under subdivision 8 and a plan developed under subdivision 1a. For a person under public guardianship, the county shall encourage parents and near relatives to participate in the screening team meeting. The screening team shall consider the opinions of parents and near relatives in making its recommendations. The screening team shall determine that the services outlined in the plan are available in the community before recommending a discharge. The case manager shall provide a copy of the plan to the person, legal representative, parents, near relatives, the ombudsman established under section 245.92, and the protection and advocacy system established under United States Code, title 42, section 6042, at least 30 days prior to the date the proposed discharge is to occur. The information provided to parents and near relatives must include notice of the rights of parents and near relatives to object to a proposed discharge by requesting a review as provided in clause (7). If a discharge occurs, the case manager and a staff person from the regional treatment center from which the person was discharged must conduct a monitoring visit as required in Minnesota Rules, part 9525.0115, within 90 days of discharge and provide an evaluation within 15 days of the visit to the person, legal representative, parents, near relatives, ombudsman, and the protection and advocacy system established under United States Code, title 42, section 6042.

(3) In order for a discharge or transfer from a regional treatment center

to be approved, the concurrence of a majority of the screening team members is required. The screening team shall determine that the services outlined in the discharge plan are available and accessible in the community before the person is discharged. The recommendation of the screening team cannot be changed except by subsequent action of the team and is binding on the county and on the commissioner. If the commissioner or the county determines that the decision of the screening team is not in the best interests of the person, the commissioner or the county may seek judicial review of the screening team recommendation. A person or legal representative may appeal under section 256.045, subdivision 3 or 4a.

(4) For persons who have overriding health care needs or behaviors that cause injury to self or others, or cause damage to property that is an immediate threat to the physical safety of the person or others, the following additional conditions must be met:

(i) For a person with overriding health care needs, either a registered nurse or a licensed physician shall review the proposed community services to assure that the medical needs of the person have been planned for adequately. For purposes of this paragraph, "overriding health care needs" means a medical condition that requires daily clinical monitoring by a licensed registered nurse.

(ii) For a person with behaviors that cause injury to self or others, or cause damage to property that is an immediate threat to the physical safety of the person or others, a qualified mental retardation professional, as defined in paragraph (a), shall review the proposed community services to assure that the behavioral needs of the person have been planned for adequately. The qualified mental retardation professional must have at least one year of experience in the areas of assessment, planning, implementation, and monitoring of individual habilitation plans that have used behavior intervention techniques.

(5) No person with mental retardation or a related condition may be discharged from a regional treatment center before an appropriate community placement is available to receive the person.

(6) *Effective July 1, 1991*, a resident of a regional treatment center may not be discharged to a community intermediate care facility with a licensed capacity of more than 15 beds. Effective July 1, 1993, a resident of a regional treatment center may not be discharged to a community intermediate care facility with a licensed capacity of more than ten beds.

(7) If the person, legal representative, parent, or near relative of the person proposed to be discharged from a regional treatment center objects to the proposed discharge, the individual who objects to the discharge may request a review under section 256.045, subdivision 4a, and may request reimbursement as allowed under section 256.045. The person must not be transferred from a regional treatment center while a review or appeal is pending. Within 30 days of the request for a review, the local agency shall conduct a conciliation conference and inform the individual who requested the review in writing of the action the local agency plans to take. The conciliation conference must be conducted in a manner consistent with section 256.045, subdivision 4a. A person, legal representative, parent, or near relative of the person proposed to be discharged who is not satisfied with the results of the conciliation conference may submit to the commissioner a written request for a hearing before a state human services referee under section 256.045, subdivision 4a. The person, legal representative,

parent, or near relative of the person proposed to be discharged may appeal the order to the district court of the county responsible for furnishing assistance by serving a written copy of a notice of appeal on the commissioner and any adverse party of record within 30 days after the day the commissioner issued the order and by filing the original notice and proof of service with the court administrator of the district court. Judicial review must proceed under section 256.045, subdivisions 7 to 10. For a person under public guardianship, the ombudsman established under section 245.92 may object to a proposed discharge by requesting a review or hearing or by appealing to district court as provided in this clause. The person must not be transferred from a regional treatment center while a conciliation conference or appeal of the discharge is pending."

Page 3, after line 19, insert:

"Sec. 3. [PLAN FOR DOWNSIZING INTERMEDIATE CARE FACILITIES.]

The commissioner of human services, in consultation with representatives of intermediate care facilities, parents, advocates, and other interested persons and organizations, shall develop a plan to eliminate discharges from regional treatment centers to larger community intermediate care facilities. The plan must be presented to the legislature by January 1, 1991."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "delaying restrictions on discharges of residents from regional treatment centers to larger community intermediate care facilities; requiring the commissioner to develop a plan;"

Page 1, line 4, delete "section" and insert "sections 256B.092, subdivision 7; and"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Linda Berglin, Howard A. Knutson

House Conferees: (Signed) Alan W. Welle, Peter Rodosovich, Lee Greenfield

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1813 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1813 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 53 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Ramstad
Anderson	Decker	Knutson	Moe, D.M.	Renneke
Beckman	DeCramer	Kroening	Moe, R.D.	Schmitz
Belanger	Dicklich	Laidig	Novak	Solon
Benson	Flynn	Langseth	Olson	Spear
Berglin	Frank	Lantry	Pariseau	Storm
Bernhagen	Frederick	Luther	Pehler	Stumpf
Bertram	Freeman	Marty	Peterson, R.W.	Vickerman
Brandl	Gustafson	McGowan	Piepho	Waldorf
Cohen	Hughes	McQuaid	Piper	
Dahl	Johnson, D.E.	Merriam	Pogemiller	

Messrs. Chmielewski and Samuelson voted in the negative.

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

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

REPORTS OF COMMITTEES

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

S.F. No. 2629: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1988, section 343.21, subdivision 10, as amended.

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

Page 2, after line 10, insert:

"Sec. 2. [OMITTED EFFECTIVE DATE; MOBERG TRAIL.]

Laws 1990, chapter 357, is effective the day following final enactment of this section.

Sec. 3. Minnesota Statutes 1989 Supplement, section 62A.316, as amended by Laws 1990, chapter 403, section 5, is amended to read:

62A.316 [BASIC MEDICARE SUPPLEMENT PLAN; COVERAGE.]

(a) The basic Medicare supplement plan must have a level of coverage that will provide:

(1) coverage for all of the Medicare part A inpatient hospital coinsurance amounts, and 100 percent of all Medicare part A eligible expenses for hospitalization not covered by Medicare for the calendar year, after satisfying the Medicare part A deductible;

(2) coverage for the daily copayment amount of Medicare part A eligible expenses for the calendar year incurred for skilled nursing facility care;

(3) coverage for the 20 percent copayment amount of Medicare eligible expenses excluding outpatient prescription drugs under Medicare part B regardless of hospital confinement for Medicare part B after the Medicare deductible amount;

(4) coverage for the reasonable cost of the first three pints of blood, or

equivalent quantities of packed red blood cells as defined under federal regulations under Medicare parts A and B, unless replaced in accordance with federal regulations; and

(5) 100 percent of the cost of immunizations.

(b) Only the following optional benefit riders may be added to this plan:

(1) coverage for all of the Medicare part A inpatient hospital deductible amount;

(2) a minimum of 80 percent of usual and customary eligible medical expenses and supplies not covered by Medicare part B ~~eligible expenses~~. This does not include outpatient prescription drugs;

(3) coverage for all of the Medicare part B annual deductible; and

(4) coverage for at least 50 percent, or the equivalent of 50 percent, of usual and customary prescription drug expenses.

Nothing in this section prohibits the plan from requiring that services be received from providers designated as preferred providers or participating providers in order to receive coverage under optional benefit riders.

Sec. 4. Minnesota Statutes 1989 Supplement, section 144A.071, subdivision 3, as amended by Laws 1990, chapter 472, section 1, is amended to read:

Subd. 3. [EXCEPTIONS.] The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified bed or the addition of a new licensed nursing home bed, under the following conditions:

(a) to replace a bed decertified after May 23, 1983, or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) to certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to

the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;

(d) to license a new nursing home bed in a facility that meets one of the exceptions contained in clauses (a) to (c);

(e) to license nursing home beds in a facility that has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and has either commenced any required construction as defined in clause (b) before May 1, 1985, or has, before May 1, 1985, received from the commissioner approval of plans for phased-in construction and written authorization to begin construction on a phased-in basis. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules;

(f) to certify or license new beds in a new facility that is to be operated by the commissioner of veterans' affairs or when the costs of constructing and operating the new beds are to be reimbursed by the commissioner of veterans' affairs or the United States Veterans Administration;

(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:

(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;

(4) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5; and

(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ten percent of the appraised value of the facility or $200,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ten percent of the appraised value of the facility or $200,000, whichever is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

(i) to license or certify beds in a facility that has been involuntarily

delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;

(j) to license or certify beds in a project recommended for approval by the interagency board for quality assurance under section 144A.073;

(k) to license nursing home beds in a hospital facility that are relocated from a different hospital facility under common ownership or affiliation, provided: (1) the nursing home beds are not certified for participation in the medical assistance program; and (2) the relocation of nursing home beds under this clause should not exceed a radius of six miles;

(l) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings, from a hospital-attached nursing home to the hospital building, or from a separate nursing home to a building formerly used as a hospital, provided the original nursing home building will no longer be operated as a nursing home and the building to which the beds are moved will no longer be operated as a hospital. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation. At the time of the licensure and certification of the nursing home beds, the commissioner of health shall delicense the same number of acute care beds within the existing complex of hospital buildings or building. Relocation of nursing home beds under this clause is subject to the limitations in section 144A.073, subdivision 5;

(m) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(n) to license new nursing home beds in a continuing care retirement community affiliated with a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its residents from outside the state for the purpose of meeting contractual obligations to residents of the retirement community, provided the facility makes a written commitment to the commissioner of human services that it will not seek medical assistance certification for the new beds;

(o) to certify or license new beds in a new facility on the Red Lake Indian reservation for which payments will be made under the Indian Health Care Improvement Act, Public Law Number 94-437, at the rates specified in United States Code, title 42, section 1396d(b);

(p) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure and if the cost of any remodeling of the facility does not exceed ten percent of the appraised value of the facility or $200,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase in the future. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(q) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of Saint Paul to a new unit at the same location as the existing facility

that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this clause;

(r) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or $200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements; or

(s) to license or certify beds that are moved from a nursing home to a separate facility under common ownership *or control* that was formerly licensed as a hospital and is currently licensed as a nursing facility and that is located within eight miles of the original facility, provided the original nursing home building will no longer be operated as a nursing home. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation.

Sec. 5. Minnesota Statutes 1989 Supplement, section 308A.621, is amended to read:

308A.621 [CERTIFICATION OF MAILED MEETING NOTICE.]

(a) After mailing special or regular members' meeting notices, the secretary shall execute a certificate containing:

(1) a correct copy of the mailed or published notice;

(2) the date of mailing or publishing the notice; and

(3) a statement that the special or regular members' meeting notices were mailed or published as prescribed by ~~this~~ section *308A.611, subdivision 5, or 308A.615, subdivision 2.*

(b) The certificate shall be made a part of the record of the meeting.

Sec. 6. Minnesota Statutes 1988, section 469.005, subdivision 1, as amended by Laws 1990, chapter 532, section 5, is amended to read:

Subdivision 1. [COUNTY AND MULTICOUNTY AUTHORITIES.] The area of operation of a county authority shall include all of the county for

which it is created, and in case of a multicounty authority, it shall include all of the political subdivisions for which the multicounty authority is created; provided, that a county authority or a multicounty authority shall not undertake any project within the boundaries of any city which has not empowered the authority to function therein as provided in section 469.004 unless a resolution has been adopted by the governing body of the city, and by any authority which has been established in the city, declaring that there is a need for the county or multicounty authority to exercise its powers in the city. ~~After a resolution is adopted, individual project approval is not required for a section 8 program.~~ *A resolution is not required for the operation of a section 8 program.*

Sec. 7. [REPEALER.]

Laws 1990, chapter 494, section 1, subdivision 7, is repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections"

Page 1, line 7, before the period, insert "; and 469.005, subdivision 1, as amended; Minnesota Statutes 1989 Supplement, sections 62A.316, as amended; 144A.071, subdivision 3, as amended; and 308A.621; repealing Laws 1990, chapter 494, section 1, subdivision 7"

And when so amended the bill do pass.

Mr. Luther moved the adoption of the foregoing Committee Report. The motion prevailed. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 2629 was read the second time.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

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. 2018, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2018: A bill for an act relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses for failure to file tax returns; authorizing a limited number of video pull-tab devices and establishing standards and requirements for them; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; requiring local gambling

taxes and prescribing uses for revenue therefrom; appropriating money; amending Minnesota Statutes 1988, sections 349.12, subdivisions 10, 18, and by adding subdivisions; 349.16, as amended; 349.17, as amended; 349.18, as amended; 349.19, as amended; 349.211, by adding a subdivision; 349.212, subdivision 5; 349.2121, subdivisions 1 and 4a; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.59, subdivision 1; 349.55; 609.75, subdivision 4; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding a subdivision; 349.12, subdivisions 12 and 15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161, as amended; 349.162; 349.163, as amended; 349.164; 349.2121, subdivision 2; 349.2122; 349.213; Minnesota Statutes Second 1989 Supplement, sections 349.12, subdivisions 11 and 19; 349.15; 349.212, subdivisions 1, 2, and 4; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 609.76, subdivision 1; Laws 1989, First Special Session chapter 1, article 13, section 27; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2.

Senate File No. 2018 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2618, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2618: A bill for an act relating to public administration; appropriating money or reducing appropriations to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; excepting notification of committee chairs on certain capital projects; establishing a community college at Cambridge; clarifying the duties and powers of the higher education coordinating board; authorizing tuition reciprocity agreements with contiguous Canadian provinces; establishing a state matching grant program to match private gifts to endowment funds; requiring administrative service plans for technical colleges under certain circumstances; changing permitted kinds of investments for the permanent university fund; permitting capital gains of the fund to be used to support endowed academic chairs; authorizing the purchase of a certain building by the state university board; requiring development of a consumer information system for occupational programs; regulating public post-secondary plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota

Statutes 1988, sections 136.60; 136.602; 136C.05, by adding a subdivision; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353.27, subdivision 3a; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 136A.04; 136A.08; 352.04, subdivisions 2 and 3; and 354B.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 1988, section 353.27, subdivision 3.

Senate File No. 2618 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2158, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2158: A bill for an act relating to utilities; regulating flexible gas utility rates; repealing sunset provisions relating to flexible gas utility rates; appropriating money; amending Minnesota Statutes 1988, section 216B.163; and Laws 1987, chapter 371, section 4.

Senate File No. 2158 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1807, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1807: A bill for an act relating to local government; permitting the issuance of obligations by the Hennepin county board for a public safety building; permitting Rosemount to incur debt for an armory; requiring a planning process and public hearing.

Senate File No. 1807 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 576: Ms. Piper, Messrs. Solon, Larson, Luther and Frederick.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Messrs. Cohen; Moe, D.M.; Moe, R.D. and Benson introduced—

Senate Resolution No. 190: A Senate resolution recognizing playwright August Wilson for his contributions to American Theater and congratulating him on receiving his second Pulitzer Prize.

Referred to the Committee on Rules and Administration.

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

S.F. No. 2177 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2177

A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; requiring notice of certain enhanced penalties; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; changing provisions about aircraft operation while under the influence of alcohol or controlled substances; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.121, by adding a subdivision; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; 169.129; and

360.015, subdivisions 1 and 6; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a, 3, and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapters 168 and 360; repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; 169.126, subdivisions 2, 3, and 4b; 360.075, subdivision 7; and 360.0751; Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

April 24, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2177, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that S.F. No. 2177 be further amended as follows:

Page 9, line 14, delete "7" and insert "8"

Page 13, after line 5, insert:

"Sec. 8. Minnesota Statutes 1988, section 260.151, subdivision 1, is amended to read:

Subdivision 1. Upon request of the court the county welfare board or probation officer shall investigate the personal and family history and environment of any minor coming within the jurisdiction of the court under section 260.111 and shall report its findings to the court. The court may order any minor coming within its jurisdiction to be examined by a duly qualified physician, psychiatrist, or psychologist appointed by the court.

The court shall have a chemical use assessment conducted when a child is (1) found to be delinquent for violating a provision of chapter 152, or (2) alleged to be delinquent for violating a provision of chapter 152, if the child is being held in custody under a detention order. The assessor's qualifications and the assessment criteria shall comply with Minnesota Rules, parts 9530.6600 to 9530.6655. If funds under chapter 254B are to be used to pay for the recommended treatment, the assessment and placement must comply with all provisions of Minnesota Rules, parts 9530.6600 to 9530.6655, and parts 9530.7000 to 9530.7030. The commissioner of public safety shall reimburse the court for the cost of the chemical use assessment, up to a maximum of $100.

With the consent of the commissioner of corrections and agreement of the county to pay the costs thereof, the court may, by order, place a minor coming within its jurisdiction in an institution maintained by the commissioner for the detention, diagnosis, custody and treatment of persons adjudicated to be delinquent, in order that the condition of the minor be given due consideration in the disposition of the case. Adoption investigations shall be conducted in accordance with the laws relating to adoptions. Any funds received under the provisions of this subdivision shall not cancel until the end of the fiscal year immediately following the fiscal year in which the funds were received. The funds are available for use by the commissioner of corrections during that period and are hereby appropriated

annually to the commissioner of corrections as reimbursement of the costs of providing these services to the juvenile courts."

Page 14, after line 31, insert:

"Sec. 11. [APPROPRIATION.]

$50,000 is appropriated from the general fund to the commissioner of public safety for chemical use assessments required under section 260.151, subdivision 1. The commissioner of public safety shall use the funds to reimburse juvenile courts for the cost of the assessments as provided in section 260.151, subdivision 1."

Renumber the sections in article 2 in sequence

Page 19, line 3, delete "OPEN BOTTLE LAW" and insert "OTHER ALCOHOL-RELATED OFFENSES"

Page 19, after line 18, insert:

"Sec. 2. Minnesota Statutes 1988, section 340A.503, subdivision 1, is amended to read:

Subdivision 1. [CONSUMPTION.] It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee or bottle club permit holder under section 340A.414, to permit any person under the age of 21 years to consume alcoholic beverages on the licensed premises; or

(2) person under the age of 21 years to consume any alcoholic beverages ~~unless in the household of the person's parent or guardian and with the consent of the parent or guardian~~. *If proven by a preponderance of the evidence, it is an affirmative defense to a violation of this clause that the defendant consumed the alcoholic beverage in the household of the defendant's parent or guardian and with the consent of the parent or guardian.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 340A.503, subdivision 2, is amended to read:

Subd. 2. [PURCHASING.] It is unlawful for any person:

(1) to sell, barter, furnish, or give alcoholic beverages to a person under 21 years of age~~, except that a parent or guardian of a person under the age of 21 years may give or furnish alcoholic beverages to that person solely for consumption in the household of the parent or guardian~~;

(2) under the age of 21 years to purchase or attempt to purchase any alcoholic beverage; or

(3) to induce a person under the age of 21 years to purchase or procure any alcoholic beverage, or to lend or knowingly permit the use of the person's driver's license, permit, Minnesota identification card, or other form of identification by a person under the age of 21 years for the purpose of purchasing or attempting to purchase an alcoholic beverage.

If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of clause (1) that the defendant is the parent or guardian of the person under 21 years of age and that the defendant gave or furnished the alcoholic beverage to that person solely for consumption in the defendant's household.

Sec. 4. Minnesota Statutes 1988, section 340A.503, subdivision 3, is

amended to read:

Subd. 3. [POSSESSION.] It is unlawful for a person under the age of 21 years to possess any alcoholic beverage with the intent to consume it at a place other than the household of the person's parent or guardian. Possession at a place other than the household of the parent or guardian ~~is prima facie evidence~~ *creates a rebuttable presumption* of intent to consume it at a place other than the household of the parent or guardian. *This presumption may be rebutted by a preponderance of the evidence.*"

Page 19, line 19, delete "2" and insert "5"

Page 19, delete line 20, and insert "*Sections 1 to 4 are effective August 1, 1990, and apply to*"

Page 30, after line 25, insert:

"ARTICLE 7

CONTROLLED SUBSTANCES OFFENSES

Section 1. Minnesota Statutes 1989 Supplement, section 152.021, is amended to read:

152.021 [CONTROLLED SUBSTANCE CRIME IN THE FIRST DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the first degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures ~~containing ten grams or more~~ of *a total weight of ten grams or more containing* cocaine base;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 50 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 200 or more dosage units; or

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ~~100~~ *50* kilograms or more containing marijuana or Tetrahydrocannabinols.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of a controlled substance crime in the first degree if:

(1) the person unlawfully possesses one or more mixtures ~~containing 25 grams or more~~ of *a total weight of 25 grams or more containing* cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 500 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total

weight of 100 kilograms or more containing marijuana or Tetrahydrocannabinols.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 30 years or to payment of a fine of not more than $1,000,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be sentenced to imprisonment for not less than four years nor more than 40 years or to payment of a fine of not more than $1,000,000, or both.

(c) In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.

Sec. 2. Minnesota Statutes 1989 Supplement, section 152.022, is amended to read:

152.022 [CONTROLLED SUBSTANCE CRIME IN THE SECOND DEGREE.]

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures ~~containing three grams or more~~ of *a total weight or three grams or more containing* cocaine base;

(2) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ~~50~~ *25* kilograms or more containing marijuana or Tetrahydrocannabinols; ~~or~~

(5) the person unlawfully sells any amount of a schedule I or II narcotic drug~~, and:~~

~~(i) the person unlawfully sells the substance~~ to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or

~~(ii) the sale occurred in a school zone or a park zone.~~

(6) the person unlawfully sells any amount of a schedule I or II narcotic drug in a school zone or a park zone.

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) the person unlawfully possesses one or more mixtures ~~containing six grams or more~~ of *a total weight of six grams or more containing* cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 100 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total weight of 50 kilograms or more containing marijuana or Tetrahydrocannabinols.

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than $500,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be sentenced to imprisonment for not less than three years nor more than 40 years or to payment of a fine of not more than $500,000, or both.

(c) In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.

Sec. 3. Minnesota Statutes 1989 Supplement, section 152.023, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully sells one or more mixtures containing a narcotic drug;

(2) the person unlawfully sells one or more mixtures containing phencyclidine or hallucinogen, it is packaged in dosage units, and equals ten or more dosage units;

(3) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except a schedule I or II narcotic drug, ~~marijuana or Tetrahydrocannabinols,~~ to a person under the age of 18; ~~or~~

(4) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing a controlled substance listed in schedule I, II, or III, except a schedule I or II narcotic drug, ~~marijuana or Tetrahydrocannabinols~~*; or*

(5) the person unlawfully sells one or more mixtures of a total weight of five kilograms or more containing marijuana or Tetrahydrocannabinols.

Sec. 4. Minnesota Statutes 1989 Supplement, section 152.023, subdivision 2, is amended to read:

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully possesses one or more mixtures ~~containing three grams or more~~ of *a total weight of three grams or more containing* cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total

weight of ten grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures containing a narcotic drug with the intent to sell it;

(4) the person unlawfully possesses one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals 50 ~~or~~ more dosage units; or

(5) the person unlawfully possesses any amount of a schedule I or II narcotic drug in a school zone or a park zone~~.~~*; or*

(6) the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols.

Sec. 5. Minnesota Statutes 1989 Supplement, section 152.024, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the fourth degree if:

(1) the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule I, II, or III, except marijuana or Tetrahydrocannabinols;

(2) ~~the person unlawfully sells one or more mixtures containing marijuana or Tetrahydrocannabinols to a person under the age of 18;~~

~~(3) the person conspires with or employs a person under the age of 18 to unlawfully sell one or more mixtures containing marijuana or Tetrahydrocannabinols;~~

~~(4)~~ the person unlawfully sells one or more mixtures containing a controlled substance classified in schedule IV or V to a person under the age of 18; or

~~(5)~~ *(3)* the person conspires with or employs a person under the age of 18 to unlawfully sell a controlled substance classified in schedule IV or V.

Sec. 6. Minnesota Statutes 1989 Supplement, section 152.025, subdivision 2, is amended to read:

Subd. 2. [POSSESSION AND OTHER CRIMES.] A person is guilty of controlled substance crime in the fifth degree if:

(1) the person unlawfully possesses one or more mixtures containing a controlled substance classified in schedule I, II, III, or IV, except a small amount of marijuana; or

(2) *the person unlawfully possesses one or more mixtures containing marijuana or Tetrahydrocannabinols with the intent to sell it, except a small amount of marijuana for no remuneration; or*

(3) the person procures, attempts to procure, possesses, or has control over a controlled substance by any of the following means:

(i) fraud, deceit, misrepresentation, or subterfuge;

(ii) using a false name or giving false credit; or

(iii) falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathy licensed to practice medicine, dentist, podiatrist, veterinarian, or other

authorized person for the purpose of obtaining a controlled substance.

Sec. 7. [152.0261] [IMPORTING CONTROLLED SUBSTANCES ACROSS STATE BORDERS.]

Subdivision 1. [FELONY.] *A person who crosses a state or international border into Minnesota while in possession of an amount of a controlled substance that constitutes a first degree controlled substance crime under section 152.021, subdivision 2, is guilty of importing controlled substances and may be sentenced as provided in subdivision 3.*

Subd. 2. [JURISDICTION.] *A violation of subdivision 1 may be charged, indicted, and tried in any county, but not more than one county, into or through which the actor has brought the controlled substance.*

Subd. 3. [PENALTY.] *A person convicted of violating this section is guilty of a felony and may be sentenced to imprisonment for not more than 35 years or to payment of a fine of not more than $1,250,000, or both.*

Sec. 8. Minnesota Statutes 1989 Supplement, section 152.028, subdivision 2, is amended to read:

Subd. 2. [PASSENGER AUTOMOBILES.] The presence of a controlled substance in a passenger automobile permits the factfinder to infer knowing possession of the controlled substance by the driver or person in control of the automobile when the controlled substance was in the automobile. This inference may only be made if the defendant is charged with violating section 152.021, 152.022, ~~or~~ 152.023, *or section 7.* The inference does not apply:

(1) to a duly licensed operator of an automobile who is at the time operating it for hire in the lawful and proper pursuit of the operator's trade;

(2) to any person in the automobile if one of them legally possesses a controlled substance; or

(3) when the controlled substance is concealed on the person of one of the occupants.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective August 1, 1990, and apply to crimes committed on or after that date.

ARTICLE 8

PRESENTENCE INVESTIGATIONS

Section 1. Minnesota Statutes 1989 Supplement, section 609.115, subdivision 1, is amended to read:

Subdivision 1. [PRESENTENCE INVESTIGATION.] When a defendant has been convicted of a misdemeanor or gross misdemeanor, the court may, and when the defendant has been convicted of a felony, the court shall, before sentence is imposed, cause a presentence investigation and written report to be made to the court concerning the defendant's individual characteristics, circumstances, needs, potentialities, criminal record and social history, the circumstances of the offense and the harm caused by it to others and to the community. At the request of the prosecutor in a gross misdemeanor case, the court shall order that a presentence investigation and report be prepared. When the crime is a felony violation of chapter 152 involving the sale or distribution of a controlled substance, the report shall

include a description of any adverse social or economic effects the offense has had on persons who reside in the neighborhood where the offense was committed.

The report shall also include the information relating to crime victims required under section 611A.037, subdivision 1. If the court directs, the report shall include an estimate of the prospects of the defendant's rehabilitation and recommendations as to the sentence which should be imposed. In misdemeanor cases the report may be oral.

When a defendant has been convicted of a felony, and before sentencing, the court shall cause a sentencing worksheet to be completed to facilitate the application of the Minnesota sentencing guidelines. The worksheet shall be submitted as part of the presentence investigation report.

The investigation shall be made by a probation officer of the court, if there is one, otherwise by the commissioner of corrections. The officer conducting the presentence or predispositional investigation shall make reasonable and good faith efforts to contact the victim of that crime and to provide that victim with the information required under section 611A.037, subdivision 2.

~~Pending the presentence investigation and report,~~ *When a person is convicted of a felony for which the sentencing guidelines presume that the defendant will be committed to the commissioner of corrections under an executed sentence and no motion for a sentencing departure has been made by counsel,* the court ~~with the consent of the commissioner~~ may commit the defendant to the custody of the commissioner of corrections ~~who~~, *pending completion of the presentence investigation and report. When a defendant is convicted of a felony for which the sentencing guidelines do not presume that the defendant will be committed to the commissioner of corrections, or for which the sentencing guidelines presume commitment to the commissioner but counsel has moved for a sentencing departure, the court may commit the defendant to the commissioner with the consent of the commissioner, pending completion of the presentence investigation and report. The commissioner* shall return the defendant to the court when the court so orders.

Presentence investigations shall be conducted and summary hearings held upon reports and upon the sentence to be imposed upon the defendant in accordance with this section, section 244.10, and the rules of criminal procedure."

Amend the title as follows:

Page 1, line 2, delete "traffic safety" and insert "crimes"

Page 1, line 27, after the semicolon, insert "clarifying the elements of certain liquor law violations;"

Page 1, line 29, after the first semicolon, insert "increasing penalties for certain controlled substance offenses; providing for transfer of certain convicted felons to prison pending completion of the presentence investigation;"

Page 1, line 34, before the second "and" insert "260.151, subdivision 1; 340A.503, subdivisions 1 and 3;"

Page 1, line 36, after "sections" insert "152.021; 152.022; 152.023, subdivisions 1 and 2; 152.024, subdivision 1; 152.025, subdivision 2;

152.028, subdivision 2;"

Page 1, line 37, after the first semicolon insert "169.123, subdivision 5c;"

Page 1, line 38, before "and" insert "340A.503, subdivision 2; 609.115, subdivision 1;"

Page 1, line 39, after "chapters" insert "152;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Allan H. Spear, John J. Marty

House Conferees: (Signed) Ann H. Rest, Randy C. Kelly, Doug Swenson

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2177 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. McGowan moved that the recommendations and Conference Committee Report on S.F. No. 2177 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

CALL OF THE SENATE

Mr. Spear imposed a call of the Senate for the balance of the proceedings on S.F. No. 2177. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. McGowan.

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

Those who voted in the affirmative were:

Anderson	Brataas	Gustafson	Lessard	Ramstad
Beckman	Dahl	Johnson, D.E.	McGowan	Renneke
Belanger	Davis	Knaak	McQuaid	Storm
Benson	Decker	Knutson	Merriam	Vickerman
Berg	Frank	Kroening	Olson	
Bernhagen	Frederick	Laidig	Pariseau	
Bertram	Frederickson, D.R.	Larson	Piepho	

Those who voted in the negative were:

Adkins	Frederickson, D.J.	Marty	Peterson, R.W.	Solon
Berglin	Freeman	Metzen	Piper	Spear
Brandl	Hughes	Moe, D.M.	Pogemiller	Stumpf
Cohen	Johnson, D.J.	Moe, R.D.	Purfeerst	Waldorf
DeCramer	Langseth	Morse	Reichgott	
Dicklich	Lantry	Novak	Samuelson	
Flynn	Luther	Pehler	Schmitz	

The motion did not prevail.

The question recurred on the motion of Mr. Spear. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2177 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

NOTICE OF RECONSIDERATION

Mr. Benson gave notice of intention to move for reconsideration of S.F. No. 2177.

RECONSIDERATION

Mr. Pehler moved that the vote whereby S.F. No. 2177 was passed by the Senate on April 24, 1990, be now reconsidered. The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Kroening moved that H.F. No. 2419 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2419

A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1988, sections 2.722, subdivision 1; 3C.035, subdivision 3; 3C.11, subdivision 2; 5.13; 11A.07, subdivision 5; 14.07, subdivisions 1 and 2; 14.08; 14.26; 14.53; 15.054; 15.06, subdivision 1; 15.51; 15.52, subdivisions 2 and 3; 15.53, subdivision 1; 15.56, subdivision 5; 15.59; 16A.10, by adding a subdivision; 16A.127, subdivisions 3 and 8; 16B.24, subdivision 5, and by adding subdivisions; 16B.28, subdivision 2; 16B.48, subdivisions 4 and 5; 16B.51, subdivision 2; 16B.53, subdivision 3; 16B.85, subdivisions 2, 3, and 5; 17.102, subdivision 4; 40A.08; 40A.151; 40A.152, subdivision 3; 40A.16; 41A.04, subdivision 1; 41A.05, subdivision 2; 41A.051; 41A.066, subdivision 1; 62D.122; 62J.02, subdivisions 2 and 3; 84.027, by adding a subdivision; 84.154, subdivision 5; 84.943; 84A.53; 84A.54; 89.37, subdivision 4; 89.58; 97A.065, subdivision 2; 97C.001, subdivision 1; 105.485, subdivision 3; 110B.04, subdivision 7; 110B.08, subdivision 5; 115.103, subdivision 1; 115A.072, subdivision 1; 115A.15, subdivision 6;

116.36, subdivision 1; 116.65, subdivision 3; 116C.03, subdivisions 4 and 5; 116C.712, subdivisions 3 and 5; 116D.04, subdivisions 5a and 10; 116D.045, subdivision 3; 116J.971, by adding a subdivision; 116J.980; 116L.03, by adding a subdivision; 116P.11; 126.115, subdivision 3; 144.226, subdivision 3; 144.70, subdivision 2; 144.8093, subdivisions 2, 3, and 4; 144A.071, subdivision 5; 144A.31, subdivision 1; 144A.33, subdivision 4; 145A.02, subdivision 16; 145A.09, subdivision 6; 157.045; 169.126, subdivision 4b; 171.06, subdivision 2a; 176B.02; 176B.04; 181.953; 183.545, subdivision 9; 184.33, subdivision 1, and by adding a subdivision; 184.35; 190.08, by adding a subdivision; 192.85; 196.054, subdivision 2; 197.23, subdivision 2; 201.023; 204B.14, subdivision 5; 214.141; 240A.02, subdivisions 1 and 3; 240A.03, subdivision 13, and by adding a subdivision; 243.48, subdivision 1; 268.026, subdivision 2; 268.361, subdivision 3; 268.677, subdivision 2; 268.681, subdivision 3; 270.68, subdivision 1; 272.38, subdivision 1; 282.014; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.03, subdivision 5a; 299D.03, subdivision 5; 326.37; 326.47, subdivision 3; 326.52; 326.75, subdivision 4; 349.22, subdivision 2; 349.36; 349.52, subdivision 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353D.01, subdivision 2; 354.42, subdivision 5; 363.073, by adding a subdivision; 368.01, subdivision 1a; 402.045; 462.384, subdivision 7; 477A.014, subdivision 4; 480A.01, subdivision 3; 481.14; 484.54, subdivision 1; 484.545, subdivision 1; 484.68, subdivision 2, and by adding a subdivision; 484.70, subdivision 1; 485.03; 486.01; 487.32, subdivisions 2 and 3; 487.33, by adding a subdivision; 611.20; 611.215, subdivision 1; 611.26, subdivision 3; 611.27; 611.271; 629.292, subdivision 1; Minnesota Statutes 1989 Supplement, sections 3.30, subdivisions 1 and 2; 5.18; 15A.081, subdivision 1; 16A.11, subdivision 3; 16A.133, subdivision 1; 16B.24, subdivision 6; 16B.28, subdivision 3; 16B.465, subdivision 1; 16B.48, subdivision 2; 17.49, subdivision 1; 18.0225; 41A.05, subdivision 1; 43A.02, subdivision 25; 43A.24, subdivision 2, and by adding a subdivision; 84A.51, subdivision 2; 85.205; 89.035; 89.036; 97A.475, subdivision 2; 103H.101, subdivision 4; 103H.175; 105.41, subdivision 5a; 115A.54, subdivision 2a; 115A.923, subdivision 2; 116.85; 116C.03, subdivision 2; 116J.01, subdivision 3; 116J.58, subdivision 1; 116J.617, subdivision 5; 116J.955, subdivision 1; 116J.9673, subdivision 4; 116J.971, subdivisions 6, 7, and 8; 116L.03, subdivision 2; 129B.13, subdivisions 2, 3, 8, 9, 10, 12, 14, 15, and 16; 144.861; 145.926, subdivisions 1, 4, 5, 7, and 8; 169.686, subdivision 3; 176.135, subdivision 1; 183.357, subdivision 4; 190.25, subdivision 3; 216D.08, subdivision 3; 245.4873, subdivision 2; 245.697, subdivision 2a; 246.18, subdivision 3a; 256H.25, subdivision 1; 270.06; 270.064; 299A.30, subdivision 2; 299A.31, subdivision 1; 299A.40, subdivision 4; 299F.641, subdivision 8; 299J.12, subdivision 1; 336.9-413; 352.04, subdivisions 2 and 3; 357.021, subdivision 2; 357.022; 357.08; 363.073, subdivision 1; 466A.05, subdivision 1; 469.203, subdivisions 4 and 5; 469.204, subdivision 2; 469.205, by adding a subdivision; 469.207; 473.156, subdivision 1; 480.242; 484.68, subdivision 5; 485.018, subdivision 5; 486.05, subdivisions 1 and 1a; 486.06; 487.31, subdivision 1; 504.34, subdivisions 5 and 6; 611.215, by adding a subdivision; and 611.26, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivisions 3, 5, and 6; 275.14; 275.51, subdivision 6; 297A.44, subdivision 1; 357.021, subdivision 1a; 373.40, subdivision 1; 477A.011, subdivisions 3 and 3a; 477A.012, subdivision 4; Laws 1987, chapter 404, section 192, subdivision 2; Laws 1988, chapters 648, section 3; and 686, article 1, section 52; Laws 1989, chapter 335, article 1, sections 4, 36, and 42, subdivision 2; article 3, sections

38; and 58, as amended; and article 4, section 107; Laws 1989, First Special Session chapter 1, article 24, section 2; proposing coding for new law in Minnesota Statutes, chapters 4, 6, 15, 16A, 16B, 43A, 88, 116, 116J, 240A, 268, 462A, and 484; proposing coding for new law as Minnesota Statutes, chapter 484A; repealing Minnesota Statutes 1988, sections 3C.056; 14.32, subdivision 2; 40A.02, subdivision 2; 84A.51, subdivision 1; 85.30; 116E.01; 116E.02; 116E.04; 116J.971, subdivisions 1, 2, 4, 5, and 10; 116K.01 to 116K.03; 116K.04, as amended; 116K.05 to 116K.13; 116N.01; 116N.02, as amended; 116N.03 to 116N.07; 116N.08, as amended; 184.34; 268.681, subdivision 4; 299J.18; 326.82; 480.252; 480.254; 484.55; 485.018, subdivision 2a; 486.07; 487.10, subdivisions 2 and 4; and 487.13; Minnesota Statutes 1989 Supplement, sections 3C.035, subdivision 2; 8.15; 97B.301, subdivision 5; 116E.03; 116E.035; 116J.970; 116J.971, subdivisions 3 and 9; 116K.14; 116O.03, subdivision 2a; 357.021, subdivision 2a; 469.203, subdivision 5; 480.241; 480.242, subdivision 4, as amended; 480.256; and 484.545, subdivisions 2 and 3; Laws 1988, chapter 686, article 1, section 3, paragraph (c); Laws 1989, chapter 303, section 10; Minnesota Rules, part 4410.3800, subparts 1 and 3.

April 24, 1990

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 2419, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2419 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE DEPARTMENTS

Section 1. [STATE DEPARTMENTS; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are added to, or if shown in parentheses, are subtracted from the appropriations in Laws 1989, chapter 335, to the specified agencies and for the purposes specified in this act. The figures "1990" and "1991," where used in this act, mean that the appropriations or reductions listed under them are available for the year ending June 30, 1990, or June 30, 1991, respectively.

SUMMARY BY FUND

	1990	1991	TOTAL
General	$(1,183,000)	$(15,751,000)	$(16,934,000)
Special Revenue	100,000	(1,149,000)	(1,049,000)
Minnesota Resources		(72,000)	(72,000)
Game and Fish		150,000	150,000
Natural Resources	30,000	1,030,000	1,060,000
Environmental		150,000	150,000

Trunk Highway Fund		(1,864,000)	(1,864,000)
TOTAL	$(1,053,000)	$(17,506,000)	$(18,559,000)

	APPROPRIATIONS Available for the Year Ending June 30	
	1990	1991
Sec. 2. LEGISLATURE		
Subdivision 1. Senate		(440,000)
Subd. 2. House of Representatives		(560,000)
Subd. 3. Legislative Coordinating Commission		(62,000)
(a) Legislative auditor		(71,000)
(b) This appropriation is to the revisor of statutes for costs associated with additional printing of special session and supplemental statutes and expansion of the computer room.	105,000	85,000
(c) This appropriation and the amount appropriated by Laws 1989, chapter 335, article 1, section 2, subdivision 4, paragraph (k), for the subcommittee on redistricting are available until June 30, 1993.		300,000
(d) The legislative coordinating commission shall use funds in the commission's contingent account for litigation expenses to affirm constitutional budgetary processes.		
Sec. 3. SUPREME COURT		
(a) This appropriation is to the state court administrator and is a one-time grant to match a federal Department of Justice grant to train judges in the extent of drug use and drug laws. This appropriation is contingent on the court receiving the federal grant.		5,000
(b) This appropriation is to the state court administrator and is a one-time grant to match a federal Department of Justice grant for development and implementation of court case management strategies. This appropriation is contingent on the court receiving the federal grant.		57,000
(c) General Reduction		(199,000)
(d) The supreme court is requested to review its judicial work guidelines in the light of increasing demands on judges' time and the lack of state resources for additional judges beyond those currently funded. This should		

include review of guidelines for the accumulation of annual leave not taken.

Sec. 4. COURT OF APPEALS		(45,000)
Sec. 5. TRIAL COURTS		
(a) The legislature intends to appropriate at its 1991 regular session the money necessary to continue the eighth district pilot project until December 31, 1991.		
(b) The legislature intends to evaluate the eighth district pilot project during the 1991 regular session and decide at that time whether to continue the state takeover of trial court costs in the eighth district and whether to proceed to take over further trial court costs in other judicial districts.		
(c) This appropriation is to Scott county for deposit in the county general fund for expenses incurred.		67,000
Sec. 6. JUDICIAL STANDARDS BOARD		(3,000)
Sec. 7. BOARD OF PUBLIC DEFENSE		(100,000)
Sec. 8. GOVERNOR AND LIEUTENANT GOVERNOR		(130,000)
Sec. 9. SECRETARY OF STATE		(31,000)
Sec. 10. STATE TREASURER		(57,000)
Sec. 11. STATE AUDITOR		(12,000)
Sec. 12. ATTORNEY GENERAL		(274,000)
This appropriation is for prosecution of lawful gambling cases.		70,000
Sec. 13. ADMINISTRATION		
(a) General Reduction		(344,000)
(b) For legal fees incurred by use of private counsel for an asbestos removal lawsuit from which the state shall receive $400,000 in settlement fees.		133,000
(c) To Minnesota Public Radio for ongoing construction at the Duluth station.	30,000	
(d) $900,000 shall be loaned from the computer services revolving fund for a period not to exceed five years to the STARS revolving fund to be used for STARS planning. The state-operated lottery and the STARS project shall jointly assess the feasibility and long-term benefits of using the STARS network to meet the telecommunications needs of the state-operated lottery. The progress of the assessment shall be		

reported to the chairs of the house appropriations committee and the senate finance committee by June 1, 1990, and December 31, 1990.

(e) The commissioner of administration shall study and report to the legislature by January 15, 1991, on various incentives that might be provided to state managers to reduce spending while still accomplishing program objectives.

Sec. 14. STATE BOARD OF INVESTMENT		(34,000)
Sec. 15. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD		(13,000)
Sec. 16. FINANCE		(245,000)

(a) The position of deputy commissioner of finance is abolished.

(b) The commissioner shall reduce the budget base for the agency by five percent as part of the 1992-1993 biennial budget and present a plan for implementation of that reduction as part of the budget document submitted in January 1991.

Sec. 17. EMPLOYEE RELATIONS		(192,000)

The commissioner may spend up to $300,000 and add four positions from the public employees insurance trust fund.

Sec. 18. REVENUE		
(a) General Reduction	(618,000)	(932,000)

(b) The department shall develop and report to the legislature a method of accurately accounting for sales tax receipts from solid waste collection and disposal services.

(c) Gambling Regulation	50,000	350,000

Five investigators and two support staff are added to the department of revenue criminal division. The investigators shall be in the unclassified service. Up to two investigator positions may be auditors. The commissioner shall give a priority within the division to cases that involve violations of the laws governing lawful gambling and shall provide the criminal division with the support resources necessary to carry out its responsibilities. Notwithstanding any law to the contrary, the criminal investigation unit shall use its existing authority to investigate any potential criminal activity related

to lawful gambling. Upon completion of the investigations, the division may refer them to the attorney general for prosecution. The commissioner of revenue shall report to the legislature no later than January 31, 1992, on the results of the division's investigations.

(d) On July 1, 1990, the commissioner of finance shall transfer $60,000 from the heat applied cigarette tax stamp revolving account to the general fund.

Sec. 19. TAX COURT (9,000)

Sec. 20. NATURAL RESOURCES

(a) General Reduction (1,263,000)

(b) Minerals diversification activity (200,000)

(c) Beaver dam control program (100,000)

(d) This appropriation is for a grant to the forest resource center for a shiitake mushroom demonstration project. This grant is contingent upon receipt of matching funds at least equal to the amount of the grant. 138,000

(e) Mississippi Headwaters Board 50,000

$10,000 of this amount is for payment to the Leech Lake Band of Chippewa Indians to implement their portion of the comprehensive plan for the upper Mississippi.

(f) For a tree planting for carbon dioxide absorption study. 25,000

(g) By January 1, 1991, the commissioner of natural resources and the commissioner of the pollution control agency, in consultation with representatives of industry that may be affected by a surcharge on carbon dioxide emissions, and representatives of the forestry and environmental communities, shall prepare a report on the use of a surcharge on carbon dioxide emissions. The report shall:

(1) consider an appropriate fee on mechanized sources of carbon dioxide emissions, including motor vehicle and permitted facilities in the air emission inventory of the pollution control agency;

(2) recommend methods of encouraging tree and perennial shrubs and vines planting to be implemented in lieu of payment of part or all of a surcharge;

and

(3) include a planting plan for carbon dioxide absorption that identifies the proper mix of species for adequate absorption, the proper placement of trees for energy efficiency and conservation, the areas of the state most effective for proper tree planting, the adequate production of state nursery stock, the available procurement of private nursery stock, a range of costs to plant adequate species that absorb carbon dioxide, and the current and prospective distribution system to allow adequate species to be planted.

(h) The commissioners of the pollution control agency and the department of natural resources may solicit and accept money from nonstate sources to accomplish the responsibilities in paragraph (g). Donations received to complete the study must be deposited in the state treasury and credited to a separate account. The money in the account received for the purposes of the study is appropriated to the commissioner of natural resources.

(i) This appropriation is from the snowmobile account for snowmobile grants-in-aid. 500,000

(j) This appropriation is from the nongame wildlife account and is to be used for administrative costs associated with implementation of the corporate nongame check-off. Eurasian water milfoil control projects shall be eligible to receive corporate nongame wildlife funding in preparing the 1992-1993 biennial budget requests. 100,000

(k) This appropriation is from the game and fish fund for repair of the French River Hatchery Dam. 150,000

(l) This appropriation is from the all-terrain vehicle account and is to be used as grants-in-aid for trail maintenance on multiple use trails. Grants are to be issued to counties with all-terrain vehicle organizations and snowmobile organizations that have entered into multiple use agreements for trails that currently qualify for snowmobile grants-in-aid trails under Minnesota Statutes, section 84.83. 500,000

(m) Any unencumbered balance remaining in the appropriation for acquisition of Grand Portage state park in Laws 1989, chapter 259, section 9, subdivision 1, may be transferred to the appropriation in Laws 1989, chapter 259, section 9, subdivision 2, for acquisition in Sibley state park following completion of the Grand Portage acquisition.

(n) Notwithstanding any other law to the contrary, no political subdivision shall condemn or remove any bridges on the Blue Ox Trail in Beltrami county that have not first been declared unsafe by the Minnesota department of transportation.

Sec. 21. ZOOLOGICAL BOARD

(a) General Reduction	(101,000)
(b) Coral Reef Shark Exhibit	100,000
The complement of the zoo is increased by 2 positions.	
(c) Dinosaurs Alive Exhibit	130,000

Sec. 22. POLLUTION CONTROL AGENCY

(a) This reduction is from the money appropriated from the general fund in Laws 1989, chapter 335, article 1, section 23, subdivision 4, for transfer to the environmental response compensation and compliance fund is reduced.	(1,500,000)
(b) General Reduction	(213,000)
(c) This appropriation is for distribution as grants through the individual on-site treatment program under Minnesota Statutes, section 116.18, subdivision 3c.	250,000
(d) This appropriation is from the environmental fund for the site response property transfer program.	80,000
(e) Resource Recovery Operator Training	70,000
This appropriation is from the environmental fund and is to be transferred to the jobs skills partnership program.	
(f) The agency's federal fund complement is reduced by three and the special revenue complement is increased by three to reflect a change in the method used to account for federal indirect costs.	

Sec. 23. OFFICE OF WASTE MANAGEMENT		
(a) General Reduction	(200,000)	(414,000)
(b) This reduction is from the SCORE grants to counties identified in Laws 1989, First Special Session chapter 1, article 24, section 2.		(1,234,000)
(c) This appropriation is for the capital assistance program. The agency's authorized complement is increased by seven positions for administration of the capital assistance program.		285,000
(d) Notwithstanding any other law to the contrary, any outstanding obligations that may be held in St. Louis county for grants issued to the county for construction or operation of the Babbitt waste tire facility under Minnesota Statutes 1986, section 116M.07; Minnesota Statutes, section 115A.54, subdivision 2a; or 298.22, shall be suspended until June 30, 1993.		
Sec. 24. TRADE AND ECONOMIC DEVELOPMENT		
Subdivision 1. Agency Supplemental Appropriations		
(a) $500,000 of the unobligated balance in the agricultural and economic development account established in Minnesota Statutes, section 41A.05, subdivision 1, is transferred to the capital access account in the special revenue fund created in Minnesota Statutes, section 116J.876, subdivision 4, for guaranteeing loans under the capital access program. Any remaining balance shall cancel to the general fund.		
(b) For the job skills partnership for aviation training. This amount is not subject to the grant limits under Minnesota Statutes, section 116L.04. This portion of the appropriation does not cancel and is available until expended.		500,000
(c) For the Minnesota trade office for awarding grants to nonprofit organizations to support cultural and educational exchange programs that may lead to long-term trading relations. Grants must be matched with at least $3 of nonpublic funds for every dollar of state grant funds awarded under this provision.		50,000

(d) For a grant to the region 1 development commission for international trade and promotion activities. The commission must cooperate with similar organizations in North Dakota and Manitoba.	30,000
(e) For the purposes of planning, engineering, and acquisition of a public facilities project in a tourism-intensive area.	110,000
(f) Minnesota Council for Quality	50,000
(g) For administration of Celebrate 1990.	50,000
(h) Of the amount appropriated for operation and maintenance of the regional park system in fiscal year 1991, $120,000 is for construction of four floating fishing piers on the Mississippi river, two within the boundaries of cities of the first class, and two outside the boundaries of cities of the first class.	
(i) Notwithstanding any law to the contrary, the city of St. Paul shall use all revenue derived from its clawback funding of sewer financing only for sewer separation projects that directly result in the elimination of combined sewer overflow.	
Subd. 2. Agency Reductions	
(a) General Reduction	(1,040,000)
(b) The complement of the department is reduced by seven positions.	
(c) This amount is reduced for the loan to the city of St. Paul for restoration of Union Depot. During the 1992-1993 biennium $500,000 is appropriated to the city of St. Paul for restoration of the Union Depot. This funding is contingent on the city of St. Paul having a plan for the restoration of the depot and raising $2,000,000 from nonstate sources.	(500,000)
(d) For a reduction from the trade office travel budget.	(50,000)
(e) $300,000 of the export finance working capital account is transferred to the general fund.	
Sec. 25. HOUSING FINANCE AGENCY	(3,000,000)
Sec. 26. AMATEUR SPORTS COMMISSION	(9,000)
Sec. 27. STATE PLANNING AGENCY	(601,000)

Sec. 28. LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES (72,000)

(a) The commissioner of finance, upon recommendation of the legislative commission on Minnesota resources, shall reduce the appropriations in Laws 1989, chapter 335, article 1, section 29, by this amount. As the cash flow of the Minnesota resources fund permits, the commissioner of finance shall transfer this amount to the general fund.

(b) The appropriation in Laws 1989, chapter 335, article 1, section 29, subdivision 11, paragraph (j), from the legislative commission on Minnesota resources for a study of wetland plant communities, is available until December 31, 1991.

Sec. 29. LABOR AND INDUSTRY

(a) General Reduction (2,520,000)

$2,450,000 of this reduction is in the transfer from the general fund to the workers' compensation special fund.

(b) Study of Long-Term Workers' Compensation Cases 15,000

This appropriation is for the commissioner of labor and industry to contract for a study of long-term workers' compensation cases. The purposes of the study are to establish a uniform system for identifying factors contributing to recovery and to assist claimants and care providers in identifying the best means for recovery at the earliest possible time. The study must include a pilot test on a sample of claims. The test must evaluate the benefit of the uniform system for workers, employers, medical and rehabilitation providers, insurers, state monitoring organizations, litigators, and adjudicators. Issues that should be addressed during the test include confidentiality, instrument reliability and validity, information utility and adequacy, data collection systems, and training of personnel. The study must be conducted by an organization with substantial background in medical and psychological instrumentation and substantial knowledge of disability assessment. Bidders without a

direct interest in the workers' compensation system as insurers or health care providers must be preferred. A report of the study must be submitted to the commissioner of labor and industry and the legislature by July 1, 1991. Expenditure of this appropriation is contingent upon the commitment by private sources to the commissioner of labor and industry of private monies, outside of the state general fund, in an amount at least equal to five times the amount of the appropriation as additional funding for the study to be conducted under this section.

Sec. 30. MEDIATION SERVICES (36,000)

Sec. 31. MILITARY AFFAIRS (189,000)

Notwithstanding any law to the contrary, the department of military affairs, with the assistance of the management analysis division of the department of administration, shall analyze the cost savings that may be obtained through multiple use, the time-sharing, consolidation, or closure of armories throughout the state.

Sec. 32. VETERANS AFFAIRS (52,000)

Sec. 33. HUMAN RIGHTS (60,000)

The department of human rights may not be charged by the attorney general for legal representation on behalf of complaining parties who have filed a charge of discrimination with the department. This provision is effective retroactive to July 1, 1989. The department does not have an obligation to pay for any services rendered by the attorney general since July 1, 1985, in excess of the amounts already paid for those services.

Sec. 34. DISABILITIES COUNCIL (10,000)

The appropriation in Laws 1989, chapter 335, article 1, section 41, may be used in part for grants, in coordination with statewide handicapped arts organizations, to arts organizations throughout the state that will serve individuals with disabilities, regardless of the size of their operating budgets.

Sec. 35. RETIREMENT CONTRIBUTIONS

(a) General fund (2,206,000)

(b) Trunk highway fund	(1,864,000)
(c) Other funds	(1,149,000)

With the exception of appropriations made to the University of Minnesota, the community college system, the technical college system, and the state university system, the commissioner of finance shall reduce each state agency's fiscal year 1991 appropriation by an amount equal to the sum of:

(1) .22 percent of the agency's fiscal year 1991 salaries paid to employees covered by the general state employee retirement plan established in Minnesota Statutes, chapter 352.

(2) 2.43 percent of the agency's fiscal year 1991 salaries paid to employees covered by the correctional employees retirement plan established in Minnesota Statutes, chapter 352.

(3) 4.02 percent of the agency's fiscal year 1991 salaries paid to employees covered by the state patrol retirement plan established in Minnesota Statutes, section 352B.02.

(4) .84 percent of the agency's fiscal year 1991 salaries paid to employees covered by the teacher's retirement plan established in Minnesota Statutes, chapter 354.

The appropriation reductions made under this section are permanent reductions to each agency's budget.

Sec. 36. [TRANSFER PROHIBITED.]

If an amount is specified in this act for an item within an activity, that amount must not be transferred or used for any other purpose.

Sec. 37. [MANAGING REDUCTIONS.]

Subdivision 1. [APPROPRIATION AVAILABILITY.] *If the appropriation from the general fund to an agency listed in this act in either year of the biennium ending June 30, 1991, is insufficient, upon the advance approval of the commissioner of finance the appropriation for the other year is available for it.*

Subd. 2. [BASE REDUCTIONS.] *The appropriations reduced from an agency by this act, before any adjustments under subdivision 1, must not be added back to the agency's appropriation base for the 1992-1993 biennium.*

Sec. 38. Minnesota Statutes 1988, section 2.722, subdivision 4, is amended to read:

Subd. 4. [DETERMINATION OF A JUDICIAL VACANCY.] *(a)* When a judge of the district, county, or county municipal court dies, resigns,

retires, or is removed from office, the supreme court, in consultation with judges and attorneys in the affected district, shall determine within 90 days of receiving notice of a vacancy from the governor whether the vacant office is necessary for effective judicial administration. The supreme court may continue the position, may order the position abolished, or may transfer the position to a judicial district where need for additional judges exists, designating the position as either a county, county/municipal or district court judgeship. The supreme court shall certify any vacancy to the governor, who shall fill it in the manner provided by law.

(b) If a judge of district court fails to timely file an affidavit of candidacy and filing fee or petition in lieu of a fee, the official with whom the affidavits of candidacy are required to be filed shall notify the supreme court that the incumbent judge is not seeking reelection. Within five days of receipt of the notice, the supreme court shall determine whether the judicial position is necessary for effective judicial administration and notify the official responsible for certifying the election results of its determination. The supreme court may continue the position, may order the position abolished, or may transfer the position to a judicial district where the need for additional judgeships exists. If the position is abolished or transferred, the election may not be held. If the position is transferred, the court shall also notify the governor of the transfer. Upon transfer, the position is vacant and the governor shall fill it in the manner provided by law. An order abolishing or transferring a position is effective the first Monday in the next January.

Sec. 39. Minnesota Statutes 1988, section 3.736, subdivision 7, is amended to read:

Subd. 7. [PAYMENT.] A state agency, including an entity defined as part of the state in section 3.732, subdivision 1, clause (1), incurring a tort claim judgment or settlement obligation or whose employees acting within the scope of their employment incur the obligation shall seek approval to make payment by submitting a written request to the commissioner of finance. The request shall contain a description of the tort claim that causes the request, specify the amount of the obligation and be accompanied by copies of judgments, settlement agreements or other documentation relevant to the obligation for which the agency seeks payment. Upon receipt of the request and review of the claim, the commissioner of finance shall determine the proper appropriation from which to make payment. If there is enough money in an appropriation or combination of appropriations to the agency for its general operations and management to pay the claim without unduly hindering the operation of the agency, the commissioner shall direct that payment be made from that source. Claims relating to activities paid for by appropriations of dedicated receipts shall be paid from those appropriations if practicable. On determining that an agency has sufficient money in these appropriations to pay only part of a claim, the commissioner shall pay the remainder of the claim from the money appropriated to the commissioner for the purpose. On determining that the agency does not have enough money to pay any part of the claim, the commissioner shall pay all of the claim from money appropriated to the commissioner for the purpose. ~~On January 1 and July 1 of each year, the commissioner of finance shall transmit to the legislature and to the chair of the house appropriations and senate finance committees copies of all requests in the preceding six months together with a report on the payments made with respect to each request.~~ Payment shall be made only upon receipt of a

written release by the claimant in a form approved by the attorney general, or the person designated as the university attorney, as the case may be.

No attachment or execution shall issue against the state.

Sec. 40. Minnesota Statutes 1988, section 11A.07, subdivision 5, is amended to read:

Subd. 5. [APPORTIONMENT OF EXPENSES.] The executive director shall apportion the actual expenses incurred by the board on an accrual basis among the several funds whose assets are invested by the board based on the weighted average assets under management during each quarter. The charge to each ~~retirement~~ fund must be calculated, billed, and paid on a quarterly basis in accordance with procedures for interdepartmental payments established by the commissioner of finance. The amounts necessary to pay these charges are appropriated from the investment earnings of each ~~retirement~~ fund. Receipts must be credited to the general fund as nondedicated receipts. ~~Funds other than retirement funds must not be billed; their portion of the expenses will be borne by the general fund.~~

Sec. 41. [15.082] [OBLIGATIONS OF PUBLIC CORPORATIONS.]

Notwithstanding any other law, the state is not liable for obligations of a public corporation created by statute. Upon dissolution of the public corporation, its wholly-owned assets become state property. Partially owned assets become state property to the extent that state money was used to acquire them.

This section does not apply to a public corporation governed by chapter 119.

Sec. 42. Minnesota Statutes 1988, section 15.53, is amended by adding a subdivision to read:

Subd. 3. [POLITICAL SUBDIVISIONS.] *A state department or agency must report to the department of employee relations an interchange with a political subdivision in which it is participating either as a sending or receiving agency. The report must include identification of the political subdivision, the length of the individual assignment, and the duties of the individual assignment.*

Sec. 43. Minnesota Statutes 1989 Supplement, section 16A.11, subdivision 3, is amended to read:

Subd. 3. [PART TWO: DETAILED BUDGET.] Part two of the budget, the detailed budget estimates both of expenditures and revenues, shall also include statements of the bonded indebtedness of the state, showing the actual amount of the debt service for at least the past two completed fiscal years, and the estimated amount for the current fiscal year and for the next two fiscal years, the debt authorized and unissued, the condition of the sinking funds, and the borrowing capacity. It shall also contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the budget request of each agency arranged in tabular form so it may readily be compared with the governor's budget for each agency. They shall also include, as part of each agency's organization chart, a summary of the personnel employed by the agency, showing the complement approved by the legislature for the current biennium, additional complement positions authorized through the governor or the commissioner, positions transferred into or out of the agency, additional part-time and seasonal positions and

the number of employees of all kinds employed by the agency on June 30 of the last complete fiscal year. The summary of the number of employees must list employees by employment status, including but not limited to full-time unlimited, part-time unlimited, full-time or part-time seasonal, intermittent, full-time or part-time temporary, full-time or part-time emergency, and other. The summary of personnel shall also be shown for each functional division of the agency, and for each fund and type of appropriation.

Any increase in complement with the exception of federal positions, approved by the commissioner of finance as temporary positions, shall be reflected in the governor's budget recommendations to the legislature as change request items. These positions are not permanent positions until the legislature has approved the change request items.

Sec. 44. Minnesota Statutes 1989 Supplement, section 16A.133, subdivision 1, is amended to read:

Subdivision 1. [PAYROLL DIRECT DEPOSIT AND DEDUCTIONS.] An agency head in the executive, judicial, and legislative branch ~~may~~ *shall*, upon written request signed by an employee, directly deposit all or part of an employee's pay in any credit union or financial institution, as defined in section 47.015, designated by the employee. An agency head may, upon written request of an employee, deduct from the pay of the employee a requested amount to be paid to the Minnesota benefit association, or to any organization contemplated by section 179A.06, of which the employee is a member, or to a company that has contracted to insure the employee for the medical costs of cancer or intensive care. If an employee is a member of or has accounts with more than one credit union or financial institution or more than one organization under section 179A.06, or is insured by more than one company, only one credit union or financial institution and one organization and one company may be paid money by direct deposit or by payroll deduction from the employee's pay.

Sec. 45. [16A.79] [MATCHING FEDERAL APPROPRIATIONS.]

Specific appropriations that are made to match federal appropriations shall be considered change requests in the following biennial budget submission if, during the biennium, the federal funding has been reduced or eliminated.

Sec. 46. Minnesota Statutes 1989 Supplement, section 16B.24, subdivision 6, is amended to read:

Subd. 6. [PROPERTY RENTAL.] (a) [LEASES.] The commissioner shall rent land and other premises when necessary for state purposes. The commissioner may lease land or premises for five years or less, subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use. The commissioner may not rent non-state-owned land and buildings or substantial portions of land or buildings within the capitol area as defined in section 15.50 unless the commissioner first consults with the capitol area architectural and planning board. If the commissioner enters into a lease-purchase agreement for buildings or substantial portions of buildings within the capitol area, the commissioner shall require that any new construction of non-state-owned buildings conform to design guidelines of the capitol area architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be rented for five years or less, such leases for terms over two years being subject to cancellation upon 30

days written notice by the state for any reason except rental of other land or premises for the same use. *An agency or department head must consult with the chairs of the house appropriations and senate finance committees before entering into any agreement that would cause an agency's rental costs to increase by ten percent or more per square foot or would increase the number of square feet of office space rented by the agency by 25 percent or more in any fiscal year.*

(b) [USE VACANT PUBLIC SPACE.] No agency may initiate or renew a lease for space for its own use in a private building unless the commissioner has thoroughly investigated presently vacant space in public buildings, such as closed school buildings, and found that none is available.

(c) [PREFERENCE FOR CERTAIN BUILDINGS.] For needs beyond those which can be accommodated in state-owned buildings, the commissioner shall acquire and utilize space in suitable buildings of historical, architectural, or cultural significance for the purposes of this subdivision unless use of that space is not feasible, prudent and cost effective compared with available alternatives. Buildings are of historical, architectural, or cultural significance if they are listed on the national register of historic places, designated by a state or county historical society, or designated by a municipal preservation commission.

(d) [RECYCLING SPACE.] Leases for space of 30 days or more for 5,000 square feet or more must require that space be provided for recyclable materials.

Sec. 47. Minnesota Statutes 1989 Supplement, section 16B.465, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The statewide telecommunications access routing system provides voice, data, video, and other telecommunications transmission services to state agencies, educational institutions, *including private colleges*, public corporations, and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities *except it may serve private colleges*. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system in order to provide cost-effective telecommunications transmission services to system users.

Sec. 48. [88.81] [FOREST MANAGEMENT PRACTICES IN LITIGATION.]

The commissioner may not implement new or revised forest management practices as part of agreements relating to litigation until the commissioner has reported the forest management practices to the chairs of the environment and natural resources committees of the legislature at the next regular session of the legislature.

Sec. 49. Minnesota Statutes 1989 Supplement, section 105.41, subdivision 5a, is amended to read:

Subd. 5a. [WATER USE PROCESSING FEE.] (a) Except as provided in ~~paragraph~~ *paragraphs* (b) *to (e)*, a water use processing fee ~~not to exceed $2,000~~ must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 0.05 cent per 1,000 gallons for the first 50 million gallons per year;

and

(2) ~~0.1~~ *0.10* cents per 1,000 gallons for the amounts greater than 50 million gallons *but less than 100 million gallons* per year~~.~~*; and*

(3) 0.15 cents per 1,000 gallons for amounts greater than 100 million gallons but less than 150 million gallons per year; and

(4) 0.20 cents per 1,000 gallons for amounts greater than 150 million gallons but less than 200 million gallons per year; and

(5) 0.25 cents per 1,000 gallons for amounts greater than 200 million gallons but less than 250 million gallons per year; and

(6) 0.30 cents per 1,000 gallons for amounts greater than 250 million gallons but less than 300 million gallons per year; and

(7) 0.35 cents per 1,000 gallons for amounts greater than 300 million gallons but less than 350 million gallons per year; and

(8) 0.40 cents per 1,000 gallons for amounts greater than 350 million gallons but less than 400 million gallons per year; and

(9) 0.45 cents per 1,000 gallons for amounts greater than 400 million gallons per year.

(b) For once-through cooling systems as defined in subdivision 1c, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) *for nonprofit corporations and school districts:*

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

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

~~(3)~~ *(iii)* 15.0 cents per 1,000 gallons after January 1, 1997*; and*

(2) for all other users after January 1, 1990, 20 cents per 1,000 gallons.

(c) The fee is payable based on the amount of water ~~permitted~~ *appropriated* during the year and in no case may the fee be less than ~~$25~~ *$50.*

(d) *For water use processing fees other than once-through cooling systems:*

(1) the fee for a city of the first class may not exceed $175,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) $35,000 per year for an entity holding three or fewer permits;

(ii) $50,000 per year for an entity holding four or five permits;

(iii) $175,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed $750 per year.

(e) Failure to pay the fee is sufficient cause for revoking a permit. *A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.*

(f) This subdivision applies to permits issued or effective on or after January 1, 1990.

Sec. 50. Minnesota Statutes 1989 Supplement, section 115A.54, subdivision 2a, is amended to read:

Subd. 2a. [SOLID WASTE MANAGEMENT PROJECTS.] (a) The board shall provide technical and financial assistance for the acquisition and betterment of solid waste management projects as provided in this subdivision and section 115A.52. Money appropriated for the purposes of this subdivision must be distributed as grants.

(b) Except as provided in paragraph (c), a project may receive grant assistance up to 25 percent of the capital cost of the project or $2,000,000, whichever is less, *except that projects constructed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 25 percent of the capital cost of the project; or (2) $2,000,000 times the number of participating counties, whichever is less.*

(c) A recycling project or a project to compost or co-compost waste may receive grant assistance up to 50 percent of the capital cost of the project or $2,000,000, whichever is less, *except that projects completed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 50 percent of the capital cost of the project; or (2) $2,000,000 times the number of participating counties, whichever is less.*

(d) Notwithstanding paragraph (e), the agency may award grants for transfer stations that will initially transfer waste to landfills if the transfer stations are part of a planned resource recovery project, the county where the planned resource recovery facility will be located has a comprehensive solid waste management plan approved by the agency, and the solid waste management plan proposes the development of the resource recovery facility. If the proposed resource recovery facility is not in place and operating within five years of the date of the grant award, the recipient shall repay the grant amount to the state.

(e) Projects without resource recovery are not eligible for assistance.

(f) In addition to any assistance received under clause (b) or (c), a project may receive grant assistance for the cost of tests necessary to determine the appropriate pollution control equipment for the project or the environmental effects of the use of any product or material produced by the project.

(g) In addition to the application requirements of section 115A.51, an application for a project serving eligible jurisdictions in only a single county must demonstrate that cooperation with jurisdictions in other counties to develop the project is not needed or not feasible. Each application must also demonstrate that the project is not financially prudent without the state assistance, because of the applicant's financial capacity and the problems inherent in the waste management situation in the area, particularly transportation distances and limited waste supply and markets for resources recovered.

(h) For the purposes of this subdivision, a "project" means a processing facility, together with any transfer stations, transmission facilities, and other related and appurtenant facilities primarily serving the processing facility. The board shall adopt rules for the program by July 1, 1985.

Sec. 51. Minnesota Statutes 1988, section 116.36, subdivision 1, is amended to read:

Subdivision 1. For the purposes of ~~this section and section 116.37~~ *sections 116.36 to 116.38,* the following terms ~~shall~~ have the meanings given.

Sec. 52. [116.38] [PCB BURNING.]

Subdivision 1. [STATE POLICY.] *The legislature finds that risks to human health must be adequately evaluated before a facility may burn PCBs. The legislature also finds that if there is a risk to human health, all human health must be treated with equal concern, and facilities that cause risks to human health must not be allowed to operate in sparsely populated areas if they would not be allowed to operate in heavily populated areas.*

Subd. 2. [EIS REQUIRED.] *The pollution control agency may not allow burning of wastes containing 50 ppm or greater PCBs by permit or otherwise unless an environmental impact statement is completed. It may not renew a permit for burning wastes containing 50 ppm or greater PCBs until an environmental impact statement is completed. This section does not apply to experimental burning of small quantities of waste containing 50 ppm or greater PCBs.*

Sec. 53. Minnesota Statutes 1988, section 116.65, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION.] *The amount necessary to pay the inspection maintenance operator during the initial contract period for the contract entered into under section 116.62, subdivision 3, is appropriated from the vehicle emission inspection account to the agency.* By the end of the initial contract entered by the agency under section 116.62, subdivision 3, the amounts appropriated from the motor vehicle transfer fund to the vehicle emission inspection account must be repaid to the transfer fund, and the amounts necessary for this repayment are appropriated from the vehicle emission inspection account.

Sec. 54. Minnesota Statutes 1989 Supplement, section 116.85, is amended to read:

116.85 [MONITORS REQUIRED FOR INCINERATORS.]

Subdivision 1. [EMISSION MONITORS.] Notwithstanding any other law to the contrary, an incinerator permit that contains emission limits for dioxin, cadmium, chromium, lead, or mercury must, as a condition of the permit, require the installation of an air emission monitoring system approved by the commissioner. The monitoring system must provide continuous measurements to ensure optimum combustion efficiency for the purpose of ensuring optimum dioxin destruction. The system shall also be capable of providing a permanent record of monitored emissions that will be available upon request to the commissioner and the general public. The commissioner shall provide periodic inspection of the monitoring system to determine its continued accuracy. *The facility must conduct periodic stack testing for mercury at intervals not to exceed 90 days. Refuse-derived fuel facilities must conduct periodic stack testing for mercury at intervals not to exceed 15 months unless a previous test showed a permit exceedance after which the agency may require quarterly testing until permit requirements are satisfied.*

Subd. 2. [CONTINUOUSLY MONITORED EMISSIONS.] Should, at any time after normal startup, the permitted facility's *continuously monitored* emissions exceed permit requirements, based on accurate and valid emissions data, the facility shall immediately report the exceedance to the commissioner and immediately either commence appropriate modifications to the facility to ensure its ability to meet permitted requirements or commence shutdown if the modifications cannot be completed within 72 hours.

Compliance with permit requirements must then be demonstrated based on additional testing.

Subd. 3. [PERIODICALLY TESTED EMISSIONS.] *Should, at any time after normal startup, the permitted facility's periodically tested emissions exceed permit requirements based on accurate and valid emissions data, the facility shall immediately report the exceedance to the commissioner, and the commissioner shall direct the facility to commence appropriate modifications to the facility to ensure its ability to meet permitted requirements within 30 days, or to commence appropriate testing for a maximum of 30 days to ensure compliance with applicable permit limits. If the commissioner determines that compliance has not been achieved after 30 days, then the facility shall shut down until compliance with permit requirements is demonstrated based on additional testing.*

Subd. 4. [OTHER LAW.] This section shall not be construed to limit the authority of the agency to regulate incinerator operations under any other law.

Sec. 55. Minnesota Statutes 1988, section 116D.045, subdivision 3, is amended to read:

Subd. 3. The responsible governmental unit shall assess the project proposer for reasonable costs in preparing and distributing the environmental impact statement and the proposer shall pay the assessed cost to the responsible governmental unit. ~~All money received pursuant to this subdivision shall be deposited in the general fund.~~ Money received under this subdivision by a responsible governmental unit ~~that is not a state agency~~ may be retained by the unit for the same purposes. *Money received by a state agency must be credited to a special account and is appropriated to the agency to cover the assessed costs incurred.*

Sec. 56. Minnesota Statutes 1988, section 116P.05, is amended to read:

116P.05 [MINNESOTA FUTURE RESOURCES COMMISSION.]

(a) A Minnesota future resources commission of 16 members is created, consisting of the chairs of the house and senate committees on environment and natural resources *or designees appointed for the terms of the chairs*, the chairs of the house appropriations and senate finance committees *or designees appointed for the terms of the chairs*, six members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and six members of the house appointed by the speaker. The commission shall develop a budget plan for expenditures from the trust fund and shall adopt a strategic plan as provided in section 116P.08.

(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources account under section 116P.13. At least two members from the senate and two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

(c) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(d) Members shall serve on the commission until their successors are appointed.

(e) Vacancies occurring on the commission shall not affect the authority

of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

(f) The commission may adopt bylaws and operating procedures to fulfill their duties under sections 116P.01 to 116P.13.

Sec. 57. Minnesota Statutes 1988, section 116P.11, is amended to read:

116P.11 [AVAILABILITY OF FUNDS FOR DISBURSEMENT.]

(a) The amount biennially available from the trust fund for the budget plan developed by the commission consists of the interest earnings *generated* from the trust fund ~~generated in the preceding two fiscal years ending on the even-numbered year~~.

(b) For funding projects through fiscal year 1997, the following additional amounts are available from the trust fund for the budget plans developed by the commission:

(1) for the 1991-1993 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years ~~1989~~ *1990* and ~~1990~~ *1991*;

(2) for the 1993-1995 biennium, up to 20 percent of the revenue deposited in the trust fund in fiscal year 1991 and up to 15 percent of the revenue deposited in the fund in fiscal year 1992; and

(3) for the 1995-1997 biennium, up to ten percent of the revenue deposited in the fund in fiscal year 1993 and up to five percent of the revenue deposited in the fund in fiscal year 1994.

(c) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

Sec. 58. [116Q.01] [GREAT LAKES PROTECTION FUND.]

The Great Lakes protection fund has been created by the governors of the eight Great Lakes states as a nonprofit corporation under the laws of the state of Illinois. The fund is a permanent endowment whose purpose is to advance the principles, goals, and objectives of the Great Lakes toxic substances control agreement executed by the governors of the eight Great Lakes states in May 1986 and to ensure the continuous development of needed scientific information, new cleanup technologies, and innovative methods of managing pollution problems as a cooperative effort in the Great Lakes region. The governor may enter this state as a member of the Great Lakes protection fund and do all things necessary or incidental to participate in the fund, as spelled out in its articles of incorporation, filed with the Illinois secretary of state on or about September 26, 1989, and its bylaws, as amended through September 26, 1989. If congressional consent to the Great Lakes protection fund carries with it conditions that materially change the provisions agreed to by the party states, this state reserves the option to terminate further participation in the fund.

Sec. 59. [116Q.02] [STATE RECEIPTS FROM THE FUND.]

Subdivision 1. [GREAT LAKES PROTECTION ACCOUNT.] *Any money received by the state from the Great Lakes protection fund, whether in the form of annual earnings or otherwise, must be deposited in the state treasury and credited to a special Great Lakes protection account. Money in the account must be spent only as specifically appropriated by law for protecting water quality in the Great Lakes. Approved purposes include,*

but are not limited to, supplementing in a stable and predictable manner state and federal commitments to Great Lakes water quality programs by providing grants to finance projects that advance the goals of the regional Great Lakes toxic substances control agreement and the binational Great Lakes water quality agreement.

Subd. 2. [LCMR REVIEW.] *The legislature intends not to appropriate money from the Great Lakes protection account until projects have been reviewed and recommended by the legislative commission on Minnesota resources. A work plan must be prepared for each project for review by the commission. The commission must recommend specific projects to the legislature.*

Sec. 60. Minnesota Statutes 1988, section 190.08, is amended by adding a subdivision to read:

Subd. 1a. [EXECUTIVE DIRECTOR.] *The adjutant general may appoint an executive director of the department of military affairs. The executive director shall serve at the pleasure of the adjutant general.*

Sec. 61. Minnesota Statutes 1989 Supplement, section 190.25, subdivision 3, is amended to read:

Subd. 3. The adjutant general is authorized to sell in the manner provided by law any or all

(1) land, and

(2) timber, growing crops, buildings, and other improvements, if any, situated upon the ~~lands~~ *land,*

acquired under the authority of subdivision 1 or which may hereafter comprise the Camp Ripley military field training center and not needed for military training purposes. The proceeds of any sales shall be deposited in the general fund. *The adjutant general may use funds that are directly appropriated for the acquisition of land, the payment of expenses of forest management on land forming the Camp Ripley military reservation, and the provision of an enlisted person's service center.*

Sec. 62. Minnesota Statutes 1989 Supplement, section 270.064, is amended to read:

270.064 [REQUESTING ASSISTANCE IN CRIMINAL TAX INVESTIGATIONS.]

If the commissioner of revenue has reason to believe that a criminal violation of the state tax laws *or chapter 349* has occurred, the commissioner may request the attorney general or the prosecuting authority of any county to assist in a criminal tax investigation and may disclose ~~return~~ information to the prosecuting authority relevant to the investigation.

Sec. 63. Minnesota Statutes 1988, section 270.68, subdivision 1, is amended to read:

Subdivision 1. [LEGAL ACTION.] In addition to all other methods authorized by law for the collection of tax, if any tax payable to the commissioner of revenue or to the department of revenue, including penalties and interest thereon, is not paid within 60 days after it is required by law to be paid, the commissioner of revenue may, within five years after the date of assessment of the tax, bring an action at law against the person liable for the

payment or collection of the tax, in the name of the state, for the recovery of the tax and interest and penalties due in respect thereof. The action shall be brought in the district court of the judicial district in which lies the county of the residence or principal place of business within this state of the taxpayer, or, in the case of an estate or trust, of the place of its principal administration, and for this purpose the place named as such in the return, if any, made by the taxpayer shall be conclusive against the taxpayer in this matter. If no place is named in the return, the action may be commenced in Ramsey county. The action shall be commenced by filing with the court administrator a statement showing the name and address of the taxpayer, if known, an itemized summary of the taxable periods and the type of tax, the tax due and unpaid and the interest and penalties due with respect thereto under the provisions of law applicable to the tax, and shall contain a prayer that the court adjudge the taxpayer to be indebted on account of the taxes, interest, and penalties in the amount specified in the statement; a copy of the statement shall be furnished to the court administrator therewith. The court administrator shall mail a copy of the statement by certified mail to the taxpayer at the address given in the return, if any; and, if no address is given, then at the taxpayer's last known address, within five days after the same is filed, except that, if the taxpayer's address is not known, notice shall be made by posting a copy of the statement for ten days in the place in the courthouse where public notices are regularly posted. To litigate the claim, or any part thereof, the taxpayer shall file a verified answer with the court administrator setting forth objections to the claim, or any part thereof; the answer shall be filed on or before the 20th day after the date of mailing the statement; or, if notice has been given by posting, on or before the 20th day after the expiration of the period during which the notice was required to be posted. If no answer is filed within the specified time, the court administrator, upon the filing of an affidavit of default, shall enter judgment for the state in the amount prayed for, plus costs of $10. If an answer is filed, the issues raised shall stand for trial as soon as possible after the filing of the answer, and the court shall determine the issues and direct judgment accordingly; and, if the taxes, interest, or penalties are sustained to any extent over the amount rendered by the taxpayer, shall assess $10 costs against the taxpayer. The court shall disregard all technicalities and matters of form not affecting the substantial merits. The commissioner may call upon the county attorney or the attorney general to conduct the proceedings on behalf of the state. *If a proceeding is referred to a county attorney, and the county attorney fails to issue or cause to be issued an indictment or criminal complaint within 30 days after the referral by the commissioner, the attorney general may conduct the proceeding.* Execution shall be issued upon the judgment at the request of the commissioner, and the execution shall, in all other respects, be governed by the laws applicable to executions issued on judgments. Only the homestead and household goods of the judgment debtor shall be exempt from seizure and sale upon the execution.

Sec. 64. Minnesota Statutes 1988, section 282.014, is amended to read:

282.014 [COMPLETION OF SALE AND CONVEYANCE.]

Upon compliance by the purchaser with the provisions of ~~sections 282.011 to 282.015~~ *this chapter* and with the terms and conditions of the sale, and upon full payment for the land, plus a ~~$20~~ *$25* fee in addition to the sale price, the sale shall be complete and a conveyance of the land shall be issued to the purchaser as provided by the appropriate statutes according

to the status of the land upon forfeiture.

The conveyance must be forwarded to the county recorder who shall record the conveyance before the auditor issues it to the purchaser.

Sec. 65. Minnesota Statutes 1988, section 296.06, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS FOR ISSUANCE.] A distributor's license shall be issued to any responsible person qualifying as a distributor who makes application therefor, and who shall pay to the commissioner at the time thereof and annually thereafter a license fee of ~~$10~~ *$25*, and who shall further comply with the following conditions:

(1) A written application shall be made in a manner approved by the commissioner, who shall require the applicant or licensee to deposit with the state treasurer securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, inspection fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota; the bond shall cover all places of business within the state where petroleum products are received by the licensee; and the applicant or licensee shall designate and maintain an agent in this state upon whom service may be had for all purposes of this section.

(2) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of $3,000 for the first year;

(3) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient;

(4) A licensee who desires to be exempt from depositing securities or furnishing such bond, as hereinbefore provided shall furnish an itemized financial statement showing the assets and the liabilities of the applicant and if it shall appear to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt such applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(5) The premium on any bond required under clauses (1) and (2), and on any additional bond required under clause (3), shall be paid by the commissioner out of a bond premium fund required to be set up from an appropriation by the legislature from whatever funds are available. All of said bonds required during each license period shall be purchased by the commissioner of administration from the lowest responsible bidder after advertising for competitive bids in the manner prescribed by Laws 1939, chapter 431, article II, as amended. The commissioner of administration shall call for bids within a reasonable period prior to the commencement of license period.

(6) Each license period shall be for one year ending each June 30.

(7) Upon application to the commissioner and compliance by the applicant with the provisions of this subdivision, the commissioner also shall issue a distributor's license to (a) any person engaged in this state in the

bulk storage of petroleum products and the distribution thereof by tank car or tank truck or both, and (b) any person holding an unrevoked license as a distributor since January 1, 1947, and (c) any person holding a license and performing a function under the motor fuel tax law of an adjoining state equivalent to that of a distributor under this act, who desires to ship or deliver petroleum products from that state to persons in this state not licensed as distributors in this state and who agrees to assume with respect to all petroleum products so shipped or delivered the liabilities of a distributor receiving petroleum products in this state, provided, however, that any such license shall be issued only for the purpose of permitting such person to receive in this state the petroleum products so shipped or delivered. Except as herein provided, all persons licensed as distributors under this clause shall have the same rights and privileges and be subject to the same duties, requirements and penalties as other licensed distributors.

Sec. 66. Minnesota Statutes 1988, section 296.12, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL FUEL DEALERS' LICENSE REQUIREMENTS.] No person except a licensed distributor shall engage in the business of selling or delivering special fuel as a special fuel dealer without having applied for and secured from the commissioner a special fuel dealer's license. The application shall be made in a manner approved by the commissioner and shall be accompanied by the payment of ~~$10~~ *$25*, which shall be the license fee. A special fuel dealer's license shall be issued to any responsible person qualifying as a special fuel dealer who makes proper application therefor. The license shall be displayed in a conspicuous manner in the place of business and shall expire annually on November 30.

A special fuel dealer who discontinues, sells or disposes of the business in any manner, at any time, shall surrender the dealer's special fuel dealer's license at the commissioner's office in St. Paul, Minnesota.

Sec. 67. Minnesota Statutes 1988, section 296.12, subdivision 2, is amended to read:

Subd. 2. [BULK PURCHASERS' LICENSE REQUIREMENTS.] No person shall receive special fuel as a bulk purchaser without having applied for and secured from the commissioner a bulk purchaser's license. The application shall be made in a manner approved by the commissioner and shall be accompanied by the payment of ~~$10~~ *$25*, which shall be the license fee. A bulk purchaser's license shall be issued to any responsible person qualifying as a bulk purchaser who makes proper application therefor. The license shall be displayed in a conspicuous manner in the place of business and shall expire annually on November 30.

A bulk purchaser who discontinues, sells or disposes of the business in any manner, at any time, shall surrender the bulk purchaser's license at the commissioner's office in St. Paul, Minnesota.

Sec. 68. Minnesota Statutes 1988, section 296.17, subdivision 10, is amended to read:

Subd. 10. [LICENSE.] (a) No motor carrier may operate a commercial motor vehicle upon the highways of this state unless and until issued a license pursuant to this section or has obtained a trip permit or temporary authorization as provided in this section.

(b) A license shall be issued to any responsible person qualifying as a

motor carrier who makes application therefor and who pays to the commissioner, at the time thereof, a license fee of ~~$20~~ *$30*. The license is valid for a period of up to two years or until revoked by the commissioner or until surrendered by the motor carrier. All outstanding licenses will expire on March 31 of each even-numbered year beginning with 1984 and may be renewed upon application to the commissioner and payment of the ~~$20~~ *$30* fee. The license, photocopy, or electrostatic copy of it, shall be carried in the cab of every commercial motor vehicle while it is being operated in Minnesota by a licensed motor carrier.

Sec. 69. Minnesota Statutes 1988, section 296.17, subdivision 17, is amended to read:

Subd. 17. [TRIP PERMITS AND TEMPORARY AUTHORIZATIONS.] (a) A motor carrier may obtain a trip permit which shall authorize an unlicensed motor carrier to operate a commercial motor vehicle in Minnesota for a period of five consecutive days beginning and ending on the dates specified on the face of the permit. The fee for the permit shall be ~~$15~~ *$25*. Fees for trip permits shall be in lieu of the road tax otherwise assessable against the motor carrier on account of the commercial motor vehicle operating therewith, and no reports of mileage shall be required with respect to the vehicle.

The above permit shall be issued in lieu of license if in the course of operations a motor carrier operates on Minnesota highways no more than three times in any one calendar year.

(b) Whenever the commissioner is satisfied that unforeseen or uncertain circumstances have arisen which requires a motor carrier to operate in this state a commercial motor vehicle for which neither a trip permit pursuant to clause (a) of this subdivision nor a license pursuant to subdivisions 7 to 22 has yet been obtained, and if the commissioner is satisfied that prohibition of that operation would cause undue hardship, the commissioner may provide the motor carrier with temporary authorization for the operation of the vehicle. A motor carrier receiving temporary authorization pursuant to this subdivision shall perfect the same either by obtaining a trip permit or a license, as the case may be, for the vehicle at the earliest practicable time.

Sec. 70. Minnesota Statutes 1988, section 349.22, subdivision 2, is amended to read:

Subd. 2. [OTHER ACTION.] This section does not preclude civil or criminal actions under other applicable law or preclude any agency of government from investigating or prosecuting violations of the provisions of sections 349.11 to 349.214. County attorneys *and the attorney general* have ~~primary~~ *joint* responsibility for prosecuting violations of sections 349.11 to 349.214, ~~but~~ *and* the attorney general may prosecute any violation of those sections. *If the county attorney fails to initiate the prosecution within 30 days, the attorney general may initiate prosecution.*

Sec. 71. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 [DUTIES OF COUNTY ATTORNEY *OR ATTORNEY GENERAL.*]

The county attorney of the county in which the hearing is held *or the attorney general* shall attend the hearing, interrogate the witnesses, and advise the issuing authority. The county attorney *or the attorney general* shall also appear for the issuing authority on any appeal taken pursuant to

the provisions of section 349.39.

Sec. 72. Minnesota Statutes 1989 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of ~~$55, except that in an action for marriage dissolution, the fee is $75~~ *$85*.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of ~~$55, except that in an action for marriage dissolution, the fee for the respondent is $75~~ *$85*.

The party requesting a trial by jury shall pay $30.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under sections 106A.005 to 106A.811, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding $5, plus 25 cents per page after the first page and $3.50, plus 25 cents per page after the first page for an uncertified copy.

(3) Issuing a subpoena $3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, $5.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, $5.

(6) Filing and entering a satisfaction of judgment, partial satisfaction or assignment of judgment, $5.

(7) Certificate as to existence or nonexistence of judgments docketed, $1 for each name certified to and $3 for each judgment certified to.

(8) Filing and indexing trade name; or recording notary commission; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians or optometrists, $5.

(9) For the filing of each partial, final, or annual account in all trusteeships, $10.

(10) All other services required by law for which no fee is provided such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

Sec. 73. Minnesota Statutes 1989 Supplement, section 357.022, is amended to read:

357.022 [CONCILIATION COURT FEE.]

The court administrator in every county shall charge and collect a filing

fee of ~~$10~~ *$13* from every plaintiff and from every defendant when the first paper for that party is filed in any conciliation court action. The court administrator shall transmit the fees monthly to the state treasurer for deposit in the state treasury and credit to the general fund.

Sec. 74. Minnesota Statutes 1989 Supplement, section 357.08, is amended to read:

357.08 [PAID BY APPELLANT IN APPEAL.]

There shall be paid to the clerk of the appellate courts by the appellant, or moving party or person requiring the service, in all cases of appeal, certiorari, habeas corpus, mandamus, injunction, prohibition, or other original proceeding, when initially filed with the clerk of the appellate courts, the sum of ~~$150~~ *$200* to the clerk of the appellate courts. An additional filing fee of ~~$50~~ *$100* shall be required for a petition for accelerated review by the supreme court. A filing fee of ~~$150~~ *$200* shall be paid to the clerk of the appellate courts upon the filing of a petition for review from a decision of the court of appeals. A filing fee of ~~$150~~ *$200* shall be paid to the clerk of the appellate courts upon the filing of a petition for permission to appeal. A filing fee of ~~$75~~ *$100* shall be paid to the clerk of the appellate courts upon the filing by a respondent of a notice of review. The clerk shall transmit the fees to the state treasurer for deposit in the state treasury and credit to the general fund.

The clerk shall not file any paper, issue any writ or certificate, or perform any service enumerated herein, until the payment has been made for it. The clerk shall pay the sum into the state treasury as provided for by section 15A.01.

The charges provided for shall not apply to disbarment proceedings, nor to an action or proceeding by the state taken solely in the public interest, where the state is the appellant or moving party, nor to copies of the opinions of the court furnished by the clerk to the parties before judgment, or furnished to the district judge whose decision is under review, or to such law library associations in counties having a population exceeding 50,000, as the court may direct.

Sec. 75. Minnesota Statutes 1988, section 480A.01, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHING NUMBER OF JUDGES.] By January 15, 1985, the state court administrator shall certify to the governor, the president of the senate, and the speaker of the house of representatives, the number of appeals filed in the court of appeals in 1984. By January 15~~, 1987, and every two years thereafter~~ *of the odd year*, the state court administrator shall certify to the governor, the president of the senate, and the speaker of the house of representatives the average number of appeals filed in the court of appeals in each of the preceding two calendar years. ~~Effective on the following July 1, the normal number of judges of the court of appeals shall be one judge for every 100 cases in that average. If this normal number increases the number of judges, new judges shall be appointed on or after July 1. If this normal number decreases the number of judges, the incumbent judges shall nevertheless continue to serve and to be eligible for reelection, but the first vacancies arising in at-large seats on the court shall not be filled, until the normal number of judges is reached.~~

Sec. 76. Laws 1989, chapter 335, article 1, section 28, is amended to read:

Sec. 28. STATE PLANNING AGENCY 6,105,000 6,505,000

	1990	1991
Approved Complement -	113	113
General -	80.5	80.5
Special Revenue -	4.5	4.5
Revolving -	22	22
Federal -	6	6

Summary by Fund

General	$5,630,000	$6,030,000
Special Revenue	$ 475,000	$ 475,000

$377,000 the first year and $377,000 the second year are for regional planning grants to regional development commissions organized under Minnesota Statutes, sections 462.381 to 462.396.

Until June 30, 1991, for state and federal grants distributed by state agencies to regions of the state not having a regional development commission, the state agency administering the grant program may assess the program for administrative costs incurred by the agency that normally are incurred by the commission.

$22,000 the first year and $22,000 the second year are for the Council of Great Lakes Governors.

During the biennium any seminars or training sessions regarding federal issues for federal budgeting that are conducted by the Washington office shall be made available to legislators and legislative staff. The Washington office shall notify the legislature regarding the timing of such seminars.

The commissioner shall contract with an independent consultant to explore future directions for Minnesota in land management information systems. This study shall examine interagency cooperation, public and private venture potential, the status of geographic information systems planning as it applies to Minnesota, the role that the land management information center should play in future development of an overall system, and development of a long-range strategy for Minnesota's role in providing the appropriate services to agencies and political subdivisions. The study shall also explore the activities of other states and nations

in the area of geographic information systems. The study must be accomplished in conjunction with the information policy office and be compatible with the long-range information management architecture being developed by the information policy office. A final report shall be submitted to the legislature by January 1, 1991, indicating recommendations for future actions.

The state planning agency shall study the effects on the state's transportation systems, methods of storage, public safety systems, and state health concerns of any incinerator to be constructed in Minnesota that is designed to burn hazardous wastes. The report shall include specific recommendations and shall be delivered to the legislature and the affected state agencies by January 1, 1991.

Up to $500,000 the second year is for one-third of the state's membership fee in the Great Lakes Protection Fund. The governor may enter as a signatory party in the Great Lakes Protection Fund. The fund is created as a permanent endowment to advance the principles, goals, and objectives of the Great Lakes Toxic Substance Control Agreement, executed by the eight Great Lakes governors in May 1986, and to ensure the continuous development of needed scientific information, new cleanup technologies, and innovative methods of managing pollution problems as a cooperative effort in the Great Lakes region.

The governor may enter the state as a signatory party in the Great Lakes Protection Fund, subject to approval by the legislature. After approval, the governor shall do all things necessary or incidental to participate in the Great Lakes Protection Fund, as spelled out in its bylaws and articles of incorporation.

If congressional consent to the Great Lakes Protection Fund carries with it conditions that materially change the provisions agreed to by the party states, the state reserves the option to terminate further participation in the fund.

$100,000 the first year and $100,000 the second year are for demonstration grants

under the youth employment and housing program to eligible organizations as defined in Minnesota Statutes, section 268.361, subdivision 4. $75,000 each year is for a grant to an eligible organization in the city of Bemidji.

$250,000 the first year and $250,000 the second year is for the Way to Grow school readiness program. $125,000 the first year and $125,000 the second year must be used for a project located within a city of the first class located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. $125,000 the first year and $125,000 the second year must be used for a project located within a city of the second class located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. This is intended to be a nonrecurring appropriation and must not be included in the budget base for the 1992-1993 biennium.

The state planning agency shall study the administrative costs of local units of government and shall report to the legislature by January 1, 1990, on the level and growth of administrative costs and alternatives for controlling future growth.

$100,000 the first year and $100,000 the second year are for the Minnesota environmental education board. Any appropriations for the board made by S.F. No. 262 serve to reduce these appropriations.

Sec. 77. Laws 1989, chapter 335, article 4, section 109, subdivision 1, is amended to read:

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; and 469.121, subdivision 1, are repealed.

Sec. 78. [REENACTMENT.]

As provided in Minnesota Statutes, section 645.36, Minnesota Statutes, section 84.0911, subdivisions 1 and 3 are reenacted.

Sec. 79. [INCREASE IN FEES FOR LICENSES AND PERMITS FOR UTILITIES.]

Effective July 1, 1990, the fees in Minnesota Rules, parts 6135.0400 to 6135.0800, adopted pursuant to Minnesota Statutes, section 84.415, subdivisions 1 and 5, are to be increased to an amount equal to the original fee schedule escalated due to inflation from the date the original fee schedule was adopted to July 1, 1990. The basis of escalation shall be the wholesale price index for all commodities. Notwithstanding the rulemaking

requirements of section 84.415, subdivision 1, the revised rates shall be published in the State Register prior to becoming effective.

Sec. 80. [CANCELLATION OF APPROPRIATION.]

The following appropriations are canceled.

(a) $30,000 the first year and $30,000 the second year made available from the wild rice account for a cooperative agreement with the Cuyuna Development Corporation for an economic development project on wild rice and grains to be accomplished in consultation with Aitkin Growth, Inc., in Laws 1989, chapter 335, article 1, section 21, subdivision 7 and is reappropriated to the commissioner for wild rice management in public waters.

(b) $50,000 the first year and $50,000 the second year made available for a grant to Aitkin Growth, Inc., for the development of projects for added value to wild rice and other grains, in Laws 1989, chapter 335, article 1, section 21, subdivision 7, is canceled.

Sec. 81. [REPEALER.]

Minnesota Statutes 1989 Supplement, section 480.241; and Laws 1989, chapter 303, section 10, are repealed.

Sec. 82. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except as follows:

Section 53 is effective March 1, 1990.

Section 55 applies to fees collected on and after March 1, 1990.

Sections 65, 66, 67, and 68 are effective for license applications filed on or after July 1, 1990.

Section 69 is effective for permit applications filed on or after July 1, 1990.

Sections 77 and 78 are retroactive to July 1, 1989.

ARTICLE 2

JUDICIAL SYSTEM

Section 1. Minnesota Statutes 1989 Supplement, section 43A.02, subdivision 25, is amended to read:

Subd. 25. [JUDICIAL BRANCH.] "Judicial branch" means all judges of the appellate courts, all employees of the appellate courts, including commissions, boards and committees established by the supreme court, the board of law examiners, the law library, the office of the public defender, all judges of all courts of law, district court referees, judicial officers, court reporters, law clerks, district administration employees under section 484.68, *court administrator or employee of the court and guardian ad litem program employees in the eighth judicial district,* and other agencies placed in the judicial branch by law. Judicial branch does not include district administration employees in the second and fourth judicial districts, court administrators or their staff under chapter 485, guardians ad litem, or other employees within the court system whose salaries are paid by the county, other than employees who remain on the county payroll under section 480.181, subdivision 2.

Sec. 2. Minnesota Statutes 1989 Supplement, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2.

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) a permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, a judge of county municipal court, or a judge of probate court; a district court referee, judicial officer, court reporter, or law clerk; a district administrator; ~~and~~ an employee of the office of the district administrator that is not in the second or fourth judicial district; *a court administrator or employee of the court administrator in the eighth judicial district, and a guardian ad litem program administrator in the eighth judicial district;*

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota;

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is

covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program; and

(i) An employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance.

Sec. 3. [484.76] [HIRING AND SALARY MORATORIUM.]

A county or a court must not increase the number of referees, judicial officers, court reporters, law clerks, or district administration employees, other than district administration employees in the second or fourth judicial district, unless the increase is approved by the supreme court. A county or a court must not increase the salaries of these employees without the approval of the supreme court, unless the increase is made under a plan adopted before January 30, 1989. The supreme court must not approve aggregate performance increases for these employees that exceed an average of five percent. New positions created after January 30, 1989, must be reflected as change requests in the biennial budget process when these functions are taken over by the state. Salary limits do not apply to employees covered by chapter 179A.

ARTICLE 3

FUND CONSOLIDATION

Section 1. Minnesota Statutes 1989 Supplement, section 16B.28, subdivision 3, is amended to read:

Subd. 3. [~~REVOLVING FUND~~ *DEPOSIT OF RECEIPTS.*] (a) [CREATION.] The materials distribution revolving fund is a separate fund in the state treasury. ~~All money relating to the resource recovery program established under section 115A.15, subdivision 1,~~ All money resulting from the acquisition, acceptance, warehousing, distribution, and public sale of surplus property, *must be deposited in the fund.* All money resulting from the sale of centrally acquired, warehoused, and distributed supplies, materials, and equipment, and all money relating to the cooperative purchasing venture established under section 471.59 must be deposited in the fund. Money paid into the materials distribution revolving fund is appropriated to the commissioner for the purposes of the programs and services referred to in this section.

(b) [TRANSFER OR SALE TO STATE AGENCY.] When the state or an agency operating under a legislative appropriation obtains surplus property from the commissioner, the commissioner of finance must, at the commissioner's request, transfer the cost of the surplus property, including any expenses of acquiring, accepting, warehousing, and distributing the surplus property, from the appropriation of the state agency receiving the surplus property to the materials distribution revolving fund. The determination of the commissioner is final as to the cost of the surplus property to the state agency receiving the property.

(c) [TRANSFER OR SALE TO OTHER GOVERNMENTAL UNITS OR NONPROFIT ORGANIZATIONS.] When any governmental unit or nonprofit organization other than a state agency receives surplus property, supplies, materials, or equipment from the commissioner, the governmental unit or nonprofit organization must reimburse the materials distribution revolving fund for the cost of the property, including the expenses of acquiring, accepting, warehousing, and distributing it, in an amount the commissioner sets. The commissioner may, however, require the governmental unit or nonprofit organization to deposit in advance in the materials distribution revolving fund the cost of the surplus property, supplies, materials, and equipment upon mutually agreeable terms and conditions. The commissioner may charge a fee to political subdivisions and nonprofit organizations to establish their eligibility for receiving the property and to pay for costs of storage and distribution.

Sec. 2. Minnesota Statutes 1989 Supplement, section 41A.05, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF ACCOUNT.] The Minnesota agricultural and economic development account is established in the special revenue fund and may be invested ~~separately from all other funds of the state~~ *by the state board of investment.* All money appropriated to the account, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source ~~which~~ may be credited to the account *and* are appropriated to the board to carry out the purposes of this chapter. The board may maintain or establish within the Minnesota agricultural and economic development account reserve accounts, project accounts, trustee accounts, special guaranty fund accounts, or other restrictions it determines necessary or appropriate. The board may enter into pledge and escrow agreements or indentures of trust with a trustee for the purpose of maintaining the accounts.

Sec. 3. Minnesota Statutes 1989 Supplement, section 85.205, is amended to read:

85.205 [RECEPTACLES FOR RECYCLING.]

The commissioner of natural resources must provide recycling conveniences at all state parks.

(a) State park managers must provide and maintain adequate receptacles for collection of food containers for recycling in all state parks.

(b) Appropriate recycling information must be available to all state park visitors.

(c) State park managers must post a notice of recycling availability at appropriate locations within each state park.

(d) State park managers must where practicable recycle the gathered recyclable materials, provide for the local unit of government to recycle the gathered materials, or contract with private nonprofit groups for recycling.

(e) Money collected by state park managers for recycling must be deposited in the state treasury and credited to the ~~state park maintenance and operation account~~ *general fund*.

Sec. 4. Minnesota Statutes 1988, section 89.58, is amended to read:

89.58 [FOREST PEST CONTROL ~~FUND~~ *ACCOUNT*.]

All money collected under the provisions of sections 89.51 to 89.61 together with such money as may be appropriated by the legislature or allocated by the legislative advisory commission for the purposes of sections 89.51 to 89.61, and such money as may be contributed or paid by the federal government, or any other public or private agency, organization or individual, shall be deposited in the state treasury, to the credit of the forest pest control ~~fund~~ *account*, which ~~fund~~ *account* is hereby created, and any moneys therein are appropriated to the commissioner for use in carrying out the purposes hereof.

Sec. 5. Minnesota Statutes 1988, section 115A.15, subdivision 6, is amended to read:

Subd. 6. [USE OF ~~MATERIALS DISTRIBUTION REVOLVING FUND~~ *FUNDS*.] All funds appropriated by the state for the resource recovery program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program and all reimbursements to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, governmental units, and nonprofit organizations must be deposited in the ~~materials distribution revolving fund created in section 16B.28. The fund may be used for all activities associated with the program including payment of administrative and operating costs~~ *general fund*. The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities, collect those savings from the account responsible for disposing of wastes produced in state buildings, and credit the savings to the ~~materials distribution revolving~~ *general* fund.

Sec. 6. Minnesota Statutes 1988, section 176B.02, is amended to read:

176B.02 [PEACE OFFICERS BENEFIT ~~FUND~~ *ACCOUNT*.]

There is hereby created in the state treasury an account to be known as peace officers benefit ~~fund~~ *account*. Funds in the peace officers benefit ~~fund~~ *account* shall consist of money appropriated to that ~~fund~~ *account*.

The administrator of the ~~fund~~ *account* is the commissioner of employee relations, who shall follow the procedures specified in section 176.541, subdivisions 2, 3, and 4.

Sec. 7. Minnesota Statutes 1988, section 176B.04, is amended to read:

176B.04 [DISBURSEMENTS.]

Upon certification to the governor by the administrator of the ~~fund~~ *account* that a peace officer employed by a state or governmental subdivision within this state has been killed in the line of duty, leaving a spouse or one or more eligible dependents, the commissioner of finance shall, subject to the approval of the workers' compensation court of appeals, pay $100,000 as follows:

(a) if there is no dependent child, to the spouse;

(b) if there is no spouse, to the dependent child or children in equal shares;

(c) if there are both a spouse and one or more dependent children, one-half to the spouse and one-half to the child or children, in equal shares;

(d) if there is no surviving spouse or dependent child or children, to the parent or parents dependent for support on the decedent, in equal shares;

(e) if there is no surviving spouse or dependent child, children or parent, then there shall be no payment made from the peace officers benefit ~~fund~~ *account*.

"Killed in the line of duty" does not include deaths from natural causes or deaths that occur during employment for a private employer other than an independent nonprofit firefighting corporation.

Sec. 8. Minnesota Statutes 1988, section 201.023, is amended to read:

201.023 [VOTER REGISTRATION ~~ACCOUNT~~.]

~~The voter registration account is established as an account in the state treasury.~~ Amounts received by the secretary of state to pay the cost of producing lists of registered voters under section 201.091, subdivision 5, by the statewide computerized registration system must be deposited in the state treasury and credited to the ~~voter registration account. Money in the voter registration account is continually appropriated to the secretary of state to produce lists of registered voters under section 201.091, subdivision 5~~ *general fund*.

Sec. 9. Minnesota Statutes 1988, section 243.48, subdivision 1, is amended to read:

Subdivision 1. [GENERAL SEARCHES.] The commissioner of corrections, the governor, lieutenant governor, members of the legislature, state officers, and the corrections ombudsman, may visit the inmates at pleasure, but no other persons without permission of the chief executive officer of the facility, under rules prescribed by the commissioner. A moderate fee may be required of visitors, other than those allowed to visit at pleasure. All fees so collected shall be reported and remitted to the state treasurer under rules as the commissioner may deem proper, and when so remitted shall be placed to the credit of the ~~current expense fund of the facility~~ *general fund*.

Sec. 10. Minnesota Statutes 1988, section 268.677, subdivision 2, is

amended to read:

Subd. 2. Reimbursement to the commissioner for the costs of administering wage subsidies must not exceed one-half percent of the money appropriated. *Reimbursements must be deposited in the general fund.* Reimbursement to an eligible local service unit for the costs of administering wage subsidies must not exceed five percent and for the purchase of supplies and materials necessary to create permanent improvements to public property must not exceed one percent of the money allocated to that local service unit. The commissioner and the eligible local service units shall reallocate money from other sources to cover the costs of administering wage subsidies whenever possible.

Sec. 11. Minnesota Statutes 1988, section 268.681, subdivision 3, is amended to read:

Subd. 3. [PAYBACK.] A business receiving wage subsidies shall repay 70 percent of the amount initially received for each eligible job applicant employed, if the employee does not continue in the employment of the business beyond the six-month subsidized period. If the employee continues in the employment of the business for one year or longer after the six-month subsidized period, the business need not repay any of the funds received for that employee's wages. If the employee continues in the employment of the business for a period of less than one year after the expiration of the six-month subsidized period, the business shall receive a proportional reduction in the amount it must repay. If an employer dismisses an employee for good cause and works in good faith with the eligible local service unit or its contractor to employ and train another person referred by the eligible local service unit or its contractor, the payback formula shall apply as if the original person had continued in employment.

A repayment schedule shall be negotiated and agreed to by the eligible local service unit and the business prior to the disbursement of the funds and is subject to renegotiation. The eligible local service unit shall forward 25 percent of the payments received under this subdivision to the commissioner on a monthly basis and shall retain the remaining 75 percent for local program expenditures. Notwithstanding section 268.677, subdivision 2, the local service unit may use up to 20 percent of its share of the funds returned under this subdivision for any administrative costs associated with the collection of the funds under this subdivision. At least 80 percent of the local service unit's share of the funds returned under this subdivision must be used as provided in section 268.677. The commissioner shall deposit payments forwarded to the commissioner under this subdivision in the ~~Minnesota wage subsidy account created by subdivision 4~~ *general fund.*

Sec. 12. Minnesota Statutes 1988, section 297.03, subdivision 5a, is amended to read:

Subd. 5a. [~~REVOLVING ACCOUNT~~ *DEPOSIT OF PROCEEDS.*] ~~A heat applied cigarette tax stamp revolving account is created.~~ The commissioner shall use the amounts ~~in this fund~~ *appropriated by law* to purchase heat applied stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into ~~this revolving account and are available to the commissioner for further purchases and shipping costs~~ *the general fund.* ~~The revolving account must be funded by reducing the stamping discounts allowed in subdivision 5 for the first three months of fiscal year 1989. The stamping discounts are 0.75~~

~~percent of the face amount of any stamps purchased in the first three months for the first $1,500,000 of the stamps and 0.50 percent on the remainder of the stamps purchased.~~

~~At the end of each of the first three months of fiscal year 1989, the commissioner shall notify the commissioner of finance of the amount of reduced stamping discounts that have accrued to the tobacco tax revenue fund. The commissioner of finance shall then transfer the amounts to the heat applied cigarette tax stamp revolving account from the tobacco tax revenue fund.~~

Sec. 13. Minnesota Statutes 1988, section 326.75, subdivision 4, is amended to read:

Subd. 4. [DEPOSIT OF FEES.] Fees collected under this section shall be deposited in the ~~asbestos abatement revolving fund created by section 326.82~~ *general fund*.

Sec. 14. Minnesota Statutes 1988, section 349.52, subdivision 3, is amended to read:

Subd. 3. [VIDEO GAMING LICENSE ACCOUNT.] (a) Fees collected by the commissioner under sections 349.50 to 349.60 must be deposited in the state treasury in ~~a special account to be known as the "video gaming license account." Money in the account is appropriated to the commissioner for distribution under paragraph (b)~~ *the general fund*.

(b) The operator shall, by January 31 of each year, certify to the commissioner the number of video games of chance located in each city, and in each county outside of incorporated areas, on December 31 of the previous year. Within 15 days of receiving this certification the commissioner shall pay from the ~~video gaming license account~~ *amounts appropriated to the commissioner* to each city and county $30 for each video game of chance located in the city or in the county outside city limits. After making these payments the commissioner shall transfer the unexpended balance in the account to the general fund.

Sec. 15. [REPEALER.]

Minnesota Statutes 1988, sections 85.30; 268.681, subdivision 4; and 326.82, are repealed.

Sec. 16. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor shall change the references in column A to those in Column B.

Section	*A*	*B*
326.70	*326.82*	*326.81*
326.71, subdivision 1	*326.82*	*326.81*
326.76	*326.82*	*326.81*
326.78, subdivision 1	*326.82*	*326.81*
326.79	*326.82*	*326.81*
326.80	*326.82*	*326.81*
326.81	*326.82*	*326.81*

Sec. 17. [EFFECTIVE DATE.]

This article is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1988, sections 2.722, subdivision 4; 3.736, subdivision 7; 11A.07, subdivision 5; 15.53, by adding a subdivision; 89.58; 115A.15, subdivision 6; 116.36, subdivision 1; 116.65, subdivision 3; 116D.045, subdivision 3; 116P.05; 116P.11; 176B.02; 176B.04; 190.08, by adding a subdivision; 201.023; 243.48, subdivision 1; 268.677, subdivision 2; 268.681, subdivision 3; 270.68, subdivision 1; 282.014; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.03, subdivision 5a; 326.75, subdivision 4; 349.22, subdivision 2; 349.36; 349.52, subdivision 3; and 480A.01, subdivision 3; Minnesota Statutes 1989 Supplement, sections 16A.11, subdivision 3; 16A.133, subdivision 1; 16B.24, subdivision 6; 16B.28, subdivision 3; 16B.465, subdivision 1; 41A.05, subdivision 1; 43A.02, subdivision 25; 43A.24, subdivision 2; 85.205; 105.41, subdivision 5a; 115A.54, subdivision 2a; 116.85; 190.25, subdivision 3; 270.064; 357.021, subdivision 2; 357.022; and 357.08; Laws 1989, chapter 335, articles 1, section 28; and 4, section 109, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 15; 16A; 88; 116; and 484; proposing coding for new law as Minnesota Statutes, chapter 116Q; repealing Minnesota Statutes 1988, sections 85.30; 268.681, subdivision 4; and 326.82; Minnesota Statutes 1989 Supplement, section 480.241; Laws 1989, chapter 303, section 10."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Phyllis Kahn, Wayne Simoneau, Richard Krueger, Tom Osthoff, Ron Abrams

Senate Conferees: (Signed) Carl W. Kroening, Dennis R. Frederickson, Bob Lessard

Mr. Kroening moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2419 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2419 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 4, as follows:

Those who voted in the affirmative were:

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

Messrs. Larson, Merriam, Piepho and Samuelson voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1894 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1894

A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

April 24, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1894, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1894 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 110B.28, is amended to read:

110B.28 [COMMISSION OVERSIGHT; REPORT REQUIRED.]

The board shall, on or before January 15 of each year, submit to the legislative *water* commission ~~on Minnesota resources~~ a written report on the board's functions and the implementation of the comprehensive local water management act *and sections 473.875 to 473.883* since the previous report under this section was submitted. The report to the commission must include the board's recommendations for changes to the comprehensive local water management act and *sections 473.875 to 473.883 and* any recommendations for funding. The board shall also report to the commission at other times requested by the commission. The commission may make recommendations to the legislature concerning the funding, implementation, and amendment of the act *and sections 473.875 to 473.883.*

Sec. 2. Minnesota Statutes 1988, section 110B.30, is amended to read:

110B.30 [APPLICATION.]

Sections 110B.01 to 110B.28 do not apply in areas subject to the requirements of *sections 473.875 to 473.883 under* section 473.878, subdivision 1, and in areas covered by an agreement entered into by December 31, 1985, under section 473.878, subdivision 1a, except as otherwise provided in sections 110B.04, subdivision 4, clause (4); and 110B.08, subdivisions 1, clauses (3) and (4) and 2, clause (b).

Sec. 3. Minnesota Statutes 1988, section 112.42, subdivision 3, is amended to read:

Subd. 3. [TERMS; SUCCESSOR APPOINTMENTS; VACANCIES.] (a) At least 30 days before the expiration of the term of office of the first managers named by the board, the county commissioners of each county affected shall meet and appoint successors to the first managers. If the nominating petition for the district originated from a majority of the cities in the district~~, or if the district is wholly within the metropolitan area~~, the county commissioners shall appoint the managers from a list of persons nominated jointly or severally by the towns and municipalities within the district. *If the district is wholly within the metropolitan area, the county commissioners shall appoint the managers from a list of persons nominated jointly or severally by the towns and municipalities within the district.* The list must contain at least three nominees for each position to be filled. Managers for a district wholly within the metropolitan area must be appointed to fairly represent by residence the various hydrologic areas within the district.

(b) The list of nominees must be submitted to the affected county board at least 60 days before the expiration of the term of office. If the list is not submitted within 60 days prior to the expiration of the term of office, the county commissioners shall select the managers from eligible individuals within the district. The county commissioners shall meet and appoint the successors at least 30 days before any manager's term expires. If the district affects more than one county, distribution of the managers among the counties affected shall be as directed by the board.

(c) Ten years after the order of establishment, the board may redistribute the managers among the counties if redistribution is in accordance with the purposes of this chapter. The board may take this action upon petition

of the county board of commissioners of any county affected by the district and after public hearing on the petition. A petition for the redistribution of managers must not be filed with the board more than once in ten years.

(d) If the number of manager positions in the board's findings and order establishing the district is three, the terms of office of the first county-appointed managers shall be one for a term of one year, one for a term of two years, and one for a term of three years. If the number of managers is five, one manager's term shall be one year, two managers' terms shall be two years, and two managers' terms shall be three years. If the board of managers consists of more than five members, the managers shall be appointed so that as nearly as possible one-third serve terms of one year, one-third serve terms of two years, and one-third serve terms of three years. If the district affects more than one county, the board shall direct the distribution of the one-, two-, and three-year terms among the affected counties. Thereafter, the term of office for each manager must be three years, and until a successor is appointed and qualified. If the district affects more than five counties, in order to provide for the orderly distribution of the managers, the board may determine and identify the manager areas within the territory of the district and select the appointing county board of commissioners for each manager's area. Any vacancy in an office of a manager must be filled by the appointing county board of commissioners.

(e) A record of all appointments made under this subdivision must be filed with the county auditor of each county affected, with the secretary of the board of managers, and with the secretary of the board. A person appointed as a manager must be a voting resident of the district and must not be a public officer of the county, state, or federal government, except that a soil and water conservation supervisor may be a manager.

Sec. 4. [112.4305] [TECHNICAL ADVISORY COMMITTEES.]

For a district wholly within the metropolitan area, the board of managers shall establish a technical advisory committee consisting of representatives of affected statutory and home rule charter cities, counties, and soil and water conservation districts.

Sec. 5. [473.157] [WATER RESOURCES PLAN.]

To help achieve federal and state water quality standards, provide effective water pollution control, and help reduce unnecessary investments in advanced wastewater treatment, the council shall adopt a water resources plan that includes management objectives and target pollution loads for watersheds in the metropolitan area. The council shall recommend to the board of water and soil resources performance standards for watershed plans in the metropolitan area, including standards relating to the timing of plan revisions and proper water quality management.

Sec. 6. Minnesota Statutes 1988, section 473.875, is amended to read:

473.875 [METROPOLITAN WATER MANAGEMENT PROGRAMS; PURPOSES.]

The ~~purpose~~ *purposes* of the water management programs required by sections 473.875 to 473.883 ~~is~~ *are* to*:* ~~protect, preserve and use natural surface and ground water storage and retention systems in order to (a) reduce to the greatest practical extent the public capital expenditures necessary to control excessive volumes and rates of runoff, (b) protect and improve surface and ground water quality, (c) prevent flooding and erosion~~

~~from surface flows, (d) promote ground water recharge, (e) protect and enhance fish and wildlife habitat and water recreational facilities, and (f) secure the other benefits associated with the proper management of surface and ground water.~~

(1) protect, preserve, and use natural surface and groundwater storage and retention systems;

(2) minimize public capital expenditures needed to correct flooding and water quality problems;

(3) identify and plan for means to effectively protect and improve surface and groundwater quality;

(4) establish more uniform local policies and official controls for surface and groundwater management;

(5) prevent erosion of soil into surface water systems;

(6) promote groundwater recharge;

(7) protect and enhance fish and wildlife habitat and water recreational facilities; and

(8) secure the other benefits associated with the proper management of surface and ground water.

Sec. 7. Minnesota Statutes 1988, section 473.876, is amended by adding a subdivision to read:

Subd. 6a. [SUBWATERSHED UNIT.] *"Subwatershed unit" means a hydrologic area less than the entire area under the jurisdiction of a watershed management organization.*

Sec. 8. Minnesota Statutes 1988, section 473.877, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] *(a)* Any agreement under section 471.59 to jointly or cooperatively manage or plan for the management of surface water in a watershed delineated pursuant to subdivision 2, as required by sections 473.875 to 473.883, may provide, in addition to other provisions authorized by section 471.59, for a joint board having:

~~(a)~~ *(1)* the authority to prepare, adopt, and implement a plan for the watershed meeting the requirements of section 473.878;

~~(b)~~ *(2)* the authority to review and approve local water management plans as provided in section 473.879;

~~(c)~~ *(3)* the authority of a watershed district under chapter 112 to regulate the use and development of land in the watershed when one or more of the following conditions exists: ~~(1)~~ *(i)* the local government unit exercising planning and zoning authority over the land under sections 366.10 to 366.19, 394.21 to 394.37, or 462.351 to 462.364, does not have a local water management plan approved and adopted in accordance with the requirements of section 473.879 or has not adopted the implementation program described in the plan; ~~(2)~~ *(ii)* an application to the local government unit for a permit for the use and development of land requires an amendment to or variance from the adopted local water management plan or implementation program of the local unit; ~~(3)~~ *and (iii)* the local government unit has authorized the organization to require permits for the use and development of land;

~~(d)~~ *(4)* the authority of a watershed district under section 112.65 to accept the transfer of drainage systems in the watershed, to repair, improve, and maintain the transferred drainage systems, and to construct all new drainage systems and improvements of existing drainage systems in the watershed, provided that: *(i)* projects may be carried out under the powers granted in chapter *106A*, 112, or 473 ~~and sections 106A.005 to 106A.811 and that~~; *and (ii)* proceedings of the board with respect to the systems must be in conformance with the watershed plan adopted under section 473.878; and

~~(e)~~ *(5)* other powers necessary to exercise the authority under clauses ~~(a)~~ *(1)* to ~~(c)~~ *(3)*, including the power to enter into contracts for the performance of functions with governmental units or persons.

(b) The board of water and soil resources shall adopt rules prescribing minimum requirements for the content of watershed management organization joint powers agreements.

(c) Decisions by a joint powers board may not require more than a majority vote, except a decision on a capital improvement project, which may require no more than a two-thirds vote.

Sec. 9. [473.8775] [WATERSHED MANAGEMENT ORGANIZATIONS.]

Subdivision 1. [APPOINTMENT OF MEMBERS.] *Watershed management organizations shall notify the board of water and soil resources of member appointments and vacancies in member positions within 30 days. Appointing authorities shall fill vacant positions by 90 days after the vacancy occurs.*

Subd. 2. [NOTICE OF BOARD VACANCIES.] *Appointing authorities for watershed management organization board members shall publish a notice of vacancies resulting from expiration of members' terms and other reasons. The notices must be published at least once in a newspaper of general circulation in the watershed management organization area. The notices must state that persons interested in being appointed to serve on the watershed management organization board may submit their names to the appointing authority for consideration. Published notice of the vacancy must be given at least 15 days before an appointment or reappointment is made.*

Subd. 3. [REMOVAL.] *Appointing authorities may remove members of watershed management organization boards for just cause. The board of water and soil resources shall adopt rules prescribing standards and procedures for removing members of watershed management organization boards for just cause.*

Subd. 4. [NEWSLETTER.] *A watershed management organization shall publish and distribute at least one newsletter or other appropriate written communication each year to residents. The newsletter or other communication must explain the organization's water management programs and list the officers and telephone numbers.*

Subd. 5. [REQUESTS FOR PROPOSALS FOR SERVICES.] *A watershed management organization shall at least every two years solicit interest proposals for legal, professional, or technical consultant services before retaining the services of an attorney or consultant or extending an annual services agreement.*

Subd. 6. [FORMATION OF ASSOCIATION.] *The board of water and soil resources shall facilitate the formation of an association of watershed*

management organizations and inform the association, if formed, of similar national associations with which it may become affiliated.

Subd. 7. [DRAINAGE SYSTEMS.] *Watershed management organizations may accept transfer of drainage systems under sections 473.875 to 473.883.*

Sec. 10. Minnesota Statutes 1988, section 473.878, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] *(a)* A watershed management plan is required for watersheds comprising all minor watershed units *wholly or partly* within the metropolitan area. For ~~the purposes of this section a~~ minor watershed ~~unit shall be considered within the metropolitan area if~~ *units having* more than 90 percent of ~~its~~ *their* area ~~is~~ within the metropolitan area~~,~~, the watershed management plan shall be prepared, adopted, and implemented in accordance with the requirements of sections 473.875 to 473.883.

(b) Minor watershed units having 90 percent or less of their area within the metropolitan area shall prepare a plan or have the county prepare a watershed management plan for their area in accordance with the requirements of sections 473.875 to 473.883 or chapter 110B, as determined by the board of water and soil resources.

Sec. 11. Minnesota Statutes 1988, section 473.878, subdivision 1a, is amended to read:

Subd. 1a. [OPTIONAL PARTICIPATION *IN METROPOLITAN WATER MANAGEMENT ORGANIZATION.*] Local government units~~,~~ ~~within or~~ outside of the metropolitan area, having territory ~~that is not subject to the requirements of this section but~~ that is within a watershed part of which is subject to the requirements of this section, may enter into an agreement under section 473.877. A local government unit that enters into an agreement under this subdivision has the duties imposed and the authority granted in sections 473.875 to 473.883.

Sec. 12. Minnesota Statutes 1988, section 473.878, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBLE UNITS.] *(a)* Where a watershed management organization exists, the plan for the watershed shall be prepared and adopted by the organization.

(b) If a watershed management organization is not established by July 1, 1985, for any minor watershed unit located wholly outside of Hennepin and Ramsey counties, *is terminated, or the board of water and soil resources determines a plan is not being implemented in accordance with its rules,* the county or counties containing the watershed unit shall prepare, adopt, and implement the watershed plan and for this purpose the county or counties have the planning, review, permitting, and financing authority of a watershed management organization specified in sections 473.877 to 473.883. If a watershed management organization is not established by July 1, 1985, for any minor watershed unit within the metropolitan area and wholly or partly within Hennepin or Ramsey counties, the county or counties containing the watershed unit shall petition for the establishment of a watershed district under chapter 112, provided, however, that a district established pursuant to such a petition shall not cross a primary river nor a river forming the boundary between a metropolitan county and a county outside the

metropolitan area, shall have boundaries which are based upon negotiations among all local government units which may have territory within the district and adjacent watersheds and shall not cross county boundaries to include territory whose distinguishing characteristic is multiple drainage points into a primary river. A watershed management organization may request a county to prepare all or part of a plan. A county may delegate the preparation of all or part of a plan to the county soil and water conservation district. Upon request of a statutory or home rule charter city or town, a county may delegate the preparation of all or part of a plan to the city or town.

(c) If the board of water and soil resources determines that a county is not implementing the plan, has not delegated implementation of the plan, and has not petitioned for the creation of a watershed district:

(1) state agencies may withhold from local government units state funding for water programs for projects within the watershed;

(2) state agencies may withhold from local government units delegation of state water resource regulatory authority within the watershed; and

(3) state agencies may suspend issuance of water-related permits within the watershed.

The provisions of this paragraph apply until the board of water and soil resources determines that a plan is being implemented in accordance with its rules.

(d) Appeals from the board of water and soil resources determination are made in the same manner as appeals under section 110B.25, subdivision 5.

Sec. 13. Minnesota Statutes 1988, section 473.878, subdivision 3, is amended to read:

Subd. 3. [GENERAL STANDARDS.] (a) The watershed management plan shall extend through the year 1990 or any year thereafter which is evenly divisible by five.

(b) The plan must be updated before the expiration of the period covered by the plan. The plan must be reviewed for consistency with an adopted county ground water plan, and revised as necessary, whenever the watershed plan undergoes substantial revision or updating. In counties that adopt or amend ground water plans within five years following August 1, 1987, watershed plans must be reviewed for consistency with the county ground water plan, and revised as necessary, not later than six years following August 1, 1987. In counties that adopt or amend ground water plans after five years following August 1, 1987, watershed plans must be reviewed for consistency with the county ground water plan, and revised as necessary, not later than one year following the adoption or amendment of the ground water plan. Upon the request of a watershed management organization, the county shall provide a written statement that:

(1) identifies any substantial inconsistencies between the watershed plan and the ground water plan and any substantial adverse effects of the watershed plan on the ground water plan~~.~~*;* and

(2) evaluates, estimates the cost of, and recommends alternatives for amending the watershed plan to rectify any substantial inconsistencies and adverse effects.

(c) The plan shall contain the elements required by subdivision 4. Each element shall be set out in the degree of detail and prescription necessary to accomplish the purposes of sections 473.875 to 473.883, considering the character of existing and anticipated physical and hydrogeologic conditions, land use, and development and the severity of existing and anticipated water management problems in the watershed.

(d) The plan shall be prepared and submitted for review under subdivision 5 not later than December 31, 1986.

(e) Existing plans of a watershed management organization shall remain in force and effect until amended or superseded by plans adopted under sections 473.875 to 473.883. Existing or amended plans of a watershed management organization which meet the requirements of sections 473.875 to 473.883 may be submitted for review under subdivision 5.

(f) Watershed management organizations shall coordinate their planning activities with contiguous watershed management organizations and counties conducting water planning and implementation under chapter 110B.

Sec. 14. Minnesota Statutes 1988, section 473.878, subdivision 4, is amended to read:

Subd. 4. [CONTENTS.] *(a)* The plan shall:

~~(a)~~ *(1)* describe the existing physical environment, land use, and development in the area and the environment, land use, and development proposed in existing local and metropolitan comprehensive plans;

~~(b)~~ *(2)* present information on the hydrologic system and its components, including any drainage systems previously constructed under sections 106A.005 to 106A.811, and existing and potential problems related thereto;

~~(c)~~ *(3)* state objectives and policies, including management principles, alternatives and modifications, water quality, and protection of natural characteristics;

~~(d)~~ *(4)* set forth a management plan, including the hydrologic and water quality conditions that will be sought and significant opportunities for improvement;

~~(e)~~ *(5)* describe the effect of the plan on existing drainage systems;

~~(f)~~ *(6)* describe conflicts between the watershed plan and existing plans of local government units;

~~(g)~~ *(7)* set forth an implementation program consistent with the management plan, which includes a capital improvement program and standards and schedules for amending the comprehensive plans and official controls of local government units in the watershed to bring about conformance with the watershed plan; and

~~(h)~~ *(8)* set out a procedure for amending the plan.

(b) The board shall adopt rules to establish standards and requirements for amendments to watershed plans. The rules must include:

(1) performance standards for the watershed plans, which may distinguish between plans for urban areas and rural areas;

(2) minimum requirements for the content of watershed plans and plan amendments, including public participation process requirements for amendment and implementation of watershed plans;

(3) standards for the content of capital improvement programs to implement watershed plans, including a requirement that capital improvement programs identify structural and nonstructural alternatives that would lessen capital expenditures; and

(4) how watershed plans are to specify the nature of the official controls required to be adopted by the local units of government, including uniform erosion control, stormwater retention, and wetland protection ordinances in the metropolitan area.

Sec. 15. Minnesota Statutes 1988, section 473.878, subdivision 6, is amended to read:

Subd. 6. [REVIEW BY METROPOLITAN COUNCIL.] After completion of the review under subdivision 5, the plan and all comments received shall be submitted to the metropolitan council for review. Notwithstanding any provision to the contrary in sections 112.46 and 473.165, the council shall review the plan in the same manner and with the same authority and effect as provided for the council's review of the comprehensive plans of local government units under section 473.175. The council shall comment on the apparent conformity with metropolitan system plans of any anticipated amendments to local comprehensive plans. *The council shall advise the board of water and soil resources on whether the plan conforms with the management objectives and target pollution loads stated in the council's water resources plan and shall recommend changes in the plan that would satisfy the council's plan.* The council may mediate and attempt to resolve differences among local governmental agencies regarding the plan.

Sec. 16. Minnesota Statutes 1988, section 473.878, subdivision 8, is amended to read:

Subd. 8. [ADOPTION; IMPLEMENTATION.] *(a)* The organization shall adopt and implement its plan within 120 days after compliance with the provisions of subdivision 7 and approval of the plan by the board of water and soil resources. A watershed district may implement its approved plan and approved capital improvement program by resolution of the majority of the board of managers and without respect to the provisions of chapter 112 requiring the managers to wait upon petitions for projects, to submit projects for review by the board of water and soil resources, and to limit the cost and purposes of projects.

(b) The board of water and soil resources shall adopt rules establishing standards and criteria for making determinations of whether watershed management organizations and counties are implementing watershed plans as required under subdivision 1.

Sec. 17. Minnesota Statutes 1988, section 473.878, is amended by adding a subdivision to read:

Subd. 10. [PLAN REVIEW.] *The board of water and soil resources shall review each watershed management organization plan at least once every five years and recommend appropriate changes.*

Sec. 18. Minnesota Statutes 1988, section 473.878, is amended by adding a subdivision to read:

Subd. 11. [APPEALS OF PLAN FAILURES.] *Persons aggrieved by an alleged failure to comply with the provisions of an approved plan may request review by the board of water and soil resources. The board shall establish a procedure for resolving disputes and making a determination*

on whether the plan is being implemented.

Sec. 19. Minnesota Statutes 1988, section 473.878, is amended by adding a subdivision to read:

Subd. 12. [ANNUAL REPORT.] *The board of water and soil resources shall adopt rules establishing:*

(1) requirements for annual watershed management organization financial reports to the board, including a report on administrative, project, and other expenditures;

(2) standards for annual financial audits by certified public accountants, procedures for the board to follow before ordering state financial and performance audits as determined by the board, and procedures for charging the costs of financial and performance audits to the watershed management organization; and

(3) requirements for the content of annual activity reports to the board, which must include the number and type of permits issued, complaints received, plan and ordinance violations, projects constructed, new officers installed, variances granted, status of local unit adoption and enforcement of model ordinance requirements, and financial conditions of the watershed management organization.

Sec. 20. [473.880] [RULE REVIEW.]

The board of water and soil resources shall review the rules relating to sections 473.875 to 473.883 at least once every five years and adopt necessary amendments.

Sec. 21. Minnesota Statutes 1988, section 473.879, subdivision 2, is amended to read:

Subd. 2. [STANDARDS; CONTENTS.] *(a)* Each local plan, in the degree of detail required in the watershed plan, shall:

~~(a)~~ *(1)* describe existing and proposed physical environment and land use;

~~(b)~~ *(2)* define drainage areas and the volumes, rates, and paths of stormwater runoff;

~~(c)~~ *(3)* identify areas and elevations for stormwater storage adequate to meet performance standards established in the watershed plan;

~~(d)~~ *(4)* define water quality and water quality protection methods adequate to performance standards established in the watershed plan;

~~(e)~~ *(5)* identify regulated areas; and

~~(f)~~ *(6)* set forth an implementation program, including a description of official controls and, as appropriate, a capital improvement program.

(b) The board of water and soil resources shall adopt rules establishing minimum local plan standards and a model environmental management ordinance for use by local government units in implementing local water plans. The standards apply to plan amendments made to conform to changes in the watershed plans that are adopted under the board rules required by section 14.

Sec. 22. Minnesota Statutes 1988, section 473.881, is amended to read:

473.881 [*NO* EXEMPTION FROM LEVY LIMIT.]

Any levy to pay the increased costs to a local government unit or watershed management organization of implementing sections 473.878 and 473.879 or to pay costs of improvements and maintenance of improvements identified in an approved and adopted plan shall be in addition to any other taxes authorized by law ~~and shall be disregarded in the calculation of limits on taxes imposed by chapter 275, except levies pursuant to section 473.883, subdivision 7, for taxes payable in 1985 and thereafter~~. Notwithstanding any provision to the contrary in chapter 112, a watershed district may levy a tax sufficient to pay the increased costs to the district of implementing sections 473.878 and 473.879. The proceeds of any tax levied under this section shall be deposited in a separate fund and expended only for the purposes authorized by this section. *Watershed management organizations and local government units may accumulate the proceeds of levies as an alternative to issuing bonds to finance improvements. The amount authorized under this section and levied by a governmental subdivision is not exempt from sections 275.50 to 275.56.*

Sec. 23. Minnesota Statutes 1988, section 473.882, subdivision 1, is amended to read:

Subdivision 1. [WATERSHED MANAGEMENT TAX DISTRICT.] *(a)* Any local government unit planning for water management under sections 473.878 and 473.879 may establish a watershed management tax district in the territory within the watershed, for the purpose of paying the costs of the planning required under sections 473.878 and 473.879.

(b) Any local government unit which has part of its territory within a watershed for which a plan has been adopted in accordance with section 473.878 and which has a local water management plan adopted in accordance with section 473.879 may establish a watershed management tax district in the territory within the watershed or a ~~minor watershed~~ *subwatershed* unit in the watershed, for the purpose of paying capital costs of the water management facilities described in the capital improvement program of the plans and for the purpose of paying for normal and routine maintenance of the facilities.

(c) A county or counties required by section 473.878, subdivision 2, to prepare, adopt, and implement a watershed plan shall apportion the costs of planning, capital improvements, and maintenance proportionate to benefits. The county may apportion the costs among the ~~minor watershed~~ *subwatershed* units in the watershed, or among the statutory and home rule charter cities and towns having territory in the watershed, and for this purpose may establish more than one watershed management tax district in the watershed.

Sec. 24. Minnesota Statutes 1988, section 473.883, subdivision 3, is amended to read:

Subd. 3. [APPORTIONMENT OF COSTS.] If the territory of the watershed management organization extends into more than one county, the cost of the improvement shall be certified to the respective county boards in the proportions prescribed in the capital improvement program of the organization. The certification of the watershed management organization may apportion the cost among some or all of the ~~minor watershed~~ *subwatershed* units in the watershed and for this purpose may require the establishment of more than one tax district in the watershed.

Sec. 25. Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6, is amended to read:

Subd. 6. [TAX.] For the payment of principal and interest on the bonds issued under subdivision 5 and the payment required under subdivision 4, the county shall irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property located within the territory of the watershed management organization or ~~minor watershed~~ *subwatershed* unit for which the bonds are issued. Each year until the reserve for payment of the bonds is sufficient to retire the bonds, the county shall levy on all taxable property in the territory of the organization or unit, without respect to any statutory or other limitation on taxes, an amount of taxes sufficient to pay principal and interest on the bonds and to restore any deficiencies in reserves required to be maintained for payment of the bonds. The tax levied on rural towns other than urban towns may not exceed 0.02418 percent of taxable market value, unless approved by resolution of the town electors. If at any time the amounts available from the levy on property in the territory of the organization are insufficient to pay principal and interest on the bonds when due, the county shall make payment from any available funds in the county treasury. The amount of any taxes which are required to be levied outside of the territory of the watershed management organization or unit or taken from the general funds of the county to pay principal or interest on the bonds shall be reimbursed to the county from taxes levied within the territory of the watershed management organization or unit.

Sec. 26. Minnesota Statutes 1988, section 473.883, subdivision 7, is amended to read:

Subd. 7. [MAINTENANCE LEVY.] For the purpose of creating a maintenance fund to be used for normal and routine maintenance of a work of improvement constructed in whole or part with money provided by the county pursuant to subdivision 4, the board of managers of a watershed district, with the approval of the county, may impose an ad valorem levy on all property located within the territory of the watershed district or ~~minor watershed~~ *subwatershed* unit. The levy shall be certified, levied, collected, and distributed as provided in section 112.611, and shall be in addition to any other money levied and distributed to the district thereunder. The proceeds of the levy shall be deposited in a separate maintenance and repair account to be used only for the purpose for which the levy was made.

Sec. 27. [DRAINAGE SYSTEM REPORT.]

Drainage authorities in the metropolitan area shall inventory and evaluate public ditches under their jurisdiction, prepare a report describing the general condition of the public ditch following the criteria under Minnesota Statutes, section 106A.015, and submit the report to the board of water and soil resources by July 1, 1992. The board shall provide guidance and technical assistance to the drainage authorities in meeting this requirement.

Sec. 28. [COOPERATION IN PLANNING.]

The council shall establish an advisory water quality management task force to assist the council in the plans and recommendations required by section 5. The council and the board shall coordinate agency activities and technical assistance to watershed management organizations and local governments to achieve the maximum benefit from staff resources.

Sec. 29. [APPLICATION.]

Sections 5 to 28 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 30. [APPROPRIATION.]

$57,000 previously appropriated from the general fund to the board of water and soil resources for fiscal year 1991, including appropriations in Laws 1989, chapters 269, section 9; and 326, article 10, section 1, subdivision 4, either for administrative costs or for grants, is available to be used to carry out this act.

Sec 31. [EFFECTIVE DATE.]

Sections 9, subdivisions 2 and 4; and 19, are effective July 1, 1992. Section 22 is effective for taxes levied in 1989, payable in 1990, and subsequent years."

Delete the title and insert:

"A bill for an act relating to environment and natural resources; amending provisions relating to metropolitan water management organizations; providing legislative commission oversight of the metropolitan water management act; providing for appointment of metropolitan watershed district managers from residents within the district; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; providing for removal for just cause of members of watershed management organization boards; authorizing a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; appropriating money; requiring a drainage system report; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, subdivision 3; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 6, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gregory L. Dahl, Steven G. Novak, Fritz Knaak

House Conferees: (Signed) Len Price, Alice M. Johnson, Teresa Lynch

Mr. Dahl moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1894 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1894 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 55 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Renneke voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2195 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2195

A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

April 24, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2195, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2195 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 115A.94, subdivision 3, is amended to read:

Subd. 3. [GENERAL PROVISIONS.] (a) The local government unit may organize collection as a municipal service or by ordinance, franchise, license, negotiated or bidded contract, or other means, using one or more collectors or an organization of collectors.

(b) The local government unit may not establish or administer organized collection in a manner that impairs the preservation and development of recycling and markets for recyclable materials. The local government unit shall exempt recyclable materials from organized collection upon a showing by the generator or collector that the materials are or will be separated from mixed municipal solid waste by the generator, separately collected, and delivered for reuse in their original form or for use in a manufacturing

process.

(c) The local government unit ~~may~~ *shall* invite and employ the assistance of interested persons, including persons ~~operating~~ *licensed to operate* solid waste collection services *in the local government unit*, in developing plans and proposals for organized collection and in establishing the organized collection system.

(d) Organized collection accomplished by contract or as a municipal service may include a requirement that all or any portion of the solid waste, except (1) recyclable materials and (2) materials that are processed at a resource recovery facility at the capacity in operation at the time that the requirement is imposed, be delivered to a waste facility identified by the local government unit. In a district or county where a resource recovery facility has been designated by ordinance under section 115A.86, organized collection must conform to the requirements of the designation ordinance.

Sec. 2. Minnesota Statutes 1988, section 115A.94, subdivision 4, is amended to read:

Subd. 4. [CITIES AND TOWNS; NOTICE; PLANNING.] (a) At least ~~90~~ *180* days before ~~proposing~~ *implementing* an ordinance, franchise, license, contract or other means of organizing collection, a city or town, by resolution of the governing body, shall announce its intent to organize collection and invite the participation of interested persons, *including persons licensed to operate solid waste collection services,* in planning and establishing the organized collection system.

(b) The resolution of intent must be adopted after a public hearing. The hearing must be held at least two weeks after public notice and mailed notice to persons known by the city or town to be operating solid waste collection services in the city or town. The failure to give mailed notice to persons or defect in the notice does not invalidate the proceedings, provided a bona fide effort to comply with notice requirements has been made.

(c) During ~~the~~ *a* 90-day period following the resolution of intent, ~~and before proposing a method of organizing collection,~~ the city or town shall develop or supervise the development of plans or proposals for organized collection. *During this 90-day planning period, the city or town shall invite and employ the assistance of persons licensed as of the date of the resolution of intent to operate solid waste collection services in the city or town. Failure of a licensed collector to participate in the 90-day planning period, when the city or town has made a bona fide effort to provide the person the opportunity to participate, does not invalidate the planning process.*

(d) For 90 days after the date ending the planning period required under paragraph (c), the city or town shall discuss possible organized collection arrangements with all licensed collectors operating in the city or town who have expressed interest. If the city or town is unable to agree on an organized collection arrangement with a majority of the licensed collectors who have expressed interest, or upon expiration of the 90 days, the city or town may propose implementation of an alternate method of organizing collection as authorized in subdivision 3.

(e) The city or town shall make specific findings that:

(1) describe in detail the procedures it used to plan and to attempt implementation of organized collection through an arrangement with collectors who expressed interest; and

(2) evaluate the proposed organized collection method in light of at least the following standards: achieving the stated organized collection goals of the city or town; minimizing displacement of collectors; ensuring participation of all interested parties in the decision-making process; and maximizing efficiency in solid waste collection.

~~(d)~~ *(f)* Upon request, the city or town shall provide mailed notice of ~~subsequent~~ *all* proceedings on the organization of collection in the city or town.

Sec. 3. Minnesota Statutes 1988, section 116C.712, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENT.] (a) A person, firm, corporation, or association in the business of owning or operating a nuclear fission electrical generating plant in this state shall pay an assessment to cover the cost of:

(1) monitoring the federal high-level radioactive waste program under the Nuclear Waste Policy Act, United States Code, title 42, sections 10101 to 10226;

(2) advising the governor and the legislature on policy issues relating to the federal high-level radioactive waste disposal program;

(3) surveying existing literature and activity relating to radioactive waste management, including storage, transportation, and disposal, in the state; ~~and~~

(4) *an advisory task force on low-level radioactive waste deregulation, created by a law enacted in 1990 until July 1, 1996; and*

(5) other general studies necessary to carry out the purposes of this subdivision.

The assessment must not be more than the appropriation to the state planning agency for these purposes.

(b) The state planning agency shall bill the owner or operator of the plant for the assessment at least 30 days before the start of each quarter. The assessment for the second quarter of each fiscal year must be adjusted to compensate for the amount by which actual expenditures by the state planning agency for the preceding year were more or less than the estimated expenditures previously assessed. The billing may be made as an addition to the assessments made under section 116C.69. The owner or operator of the plant must pay the assessment within 30 days after receipt of the bill. The assessment must be deposited in the state treasury and credited to the special revenue fund.

(c) The authority for this assessment terminates when the department of energy eliminates Minnesota from further siting consideration for high-level radioactive waste by starting construction of a high-level radioactive waste disposal site in another state. The assessment required for any quarter must be reduced by the amount of federal grant money received by the state planning agency for the purposes listed in this section.

(d) The state planning agency must report annually by July 1 to the legislative commission on waste management on activities assessed under paragraph (a).

Sec. 4. [116C.851] [DEFINITIONS.]

Subdivision 1. [FACILITY.] *"Facility" has the meaning given in section*

116C.831, article II, paragraph (f).

Subd. 2. [LOW-LEVEL RADIOACTIVE WASTE.] *"Low-level radioactive waste" means waste that consists of or contains class A, B, or C radioactive waste as defined by Code of Federal Regulations, title 10, section 61.55, as in effect on January 26, 1983.*

Sec. 5. [116C.852] [LOW-LEVEL RADIOACTIVE WASTE DISPOSAL.]

No low-level radioactive waste may be treated, recycled, stored, or disposed of in this state except at a facility that is specifically licensed for treatment, recycling, storage, or disposal of low-level radioactive waste regardless of whether or not the waste has been reclassified as "below regulatory concern" by the United States Nuclear Regulatory Commission pursuant to a generic rule or standard adopted after January 1, 1990.

Sec. 6. [ADVISORY TASK FORCE.]

(a) The commissioner of the pollution control agency shall appoint an advisory task force on low-level radioactive waste deregulation. The task force must include representatives from the office of waste management, pollution control agency, department of health, a public interest consumer advocate organization, organized labor, environmental organizations, and affected industry. The task force shall evaluate information available on a national and international level. The members shall serve without compensation.

(b) The advisory task force shall report to the advisory committee under Minnesota Statutes, section 116C.839 and the senate and house committees on environment.

(c) The amount of the expenses of the study and the advisory task force are appropriated from the general fund to the commissioner of the pollution control agency. The director of the state planning agency shall make an assessment under Minnesota Statutes, section 116C.712, subdivision 5, to cover the cost of the expenses for the task force and the study expenses under section 7. The assessment shall be deposited in the general fund and credited for this purpose.

Sec. 7. [DUTIES OF THE ADVISORY TASK FORCE ON LOW-LEVEL RADIOACTIVE WASTE DEREGULATION.]

The advisory task force on low-level radioactive waste deregulation shall:

(1) design and initiate a study that will be a cost-benefit analysis of deregulation of "low-level" radioactive waste costs, including health, and environmental costs and effects, including both dollar and nondollar effects in both the long-term and the short-term;

(2) determine who will conduct the study;

(3) determine the timelines for the study;

(4) evaluate the cost-benefit study; and

(5) make a recommendation on continuation of the moratorium and other recommendations to the legislature by January 1, 1994.

Sec. 8. [REPEALER.]

Sections 4 to 7 are repealed effective June 30, 1996.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1990, and apply to cities, towns, and counties that initiate action to organize solid waste collection on or after that date. Sections 3 to 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to waste; regulating the organized collection of solid waste; regulating the disposal of low-level radioactive waste for a limited period of time; creating a task force on low-level radioactive waste regulation for a limited period of time; appropriating money; amending Minnesota Statutes 1988, sections 115A.94, subdivisions 3 and 4; and 116C.712, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 116C."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steven Morse, Fritz Knaak, John J. Marty

House Conferees: (Signed) Lee Greenfield, Loren G. Jennings, Dennis Ozment

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2195 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2195 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2421 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2421

A bill for an act relating to elections; presidential primary; changing the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to

prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 204B.06, by adding a subdivision; 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05.

April 24, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2421, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2421 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 10A.15, subdivision 3b, is amended to read:

Subd. 3b. [~~BY INDIVIDUAL MEMBERS OF POLITICAL FUND OR COMMITTEE~~ *ATTRIBUTABLE CONTRIBUTIONS.*] Contributions made to a candidate or principal campaign committee ~~by individual members of a political fund or committee~~ that are ~~solicited~~ *directed to that candidate or principal campaign committee* by ~~the~~ *a* political fund or committee must be reported as attributable to the political fund or committee and count toward the contribution limits of that fund or committee specified in section 10A.27, if the political fund or committee was organized *or is operated* primarily to ~~solicit or~~ direct ~~the~~ contributions ~~of its members and~~ *other than from its own funds* to ~~influence the nomination or election of a candidate. The term "individual members" as used in this subdivision means a person or entity who in any manner participates in or in any manner contributes financially or otherwise to the activities of the political fund or committee.~~ *one or more candidates or principal campaign committees. The treasurer of the political fund or committee shall advise the candidate or the candidate's principal campaign committee if the contribution or contributions are not from the funds of the political fund or the political committee and the original source of the funds. As used in this subdivision, the term "direct" includes, but is not limited to, order, command, control, or instruct. A violation of this subdivision is a violation of section 10A.29.*

Sec. 2. Minnesota Statutes 1988, section 204B.06, is amended by adding a subdivision to read:

Subd. 1a. [PRESIDENTIAL PRIMARY AFFIDAVIT.] *An affidavit of candidacy for the presidential primary must include the candidate's name, address, office sought, and the candidate's political party or principal in three words or less. The affidavit must include a statement that the candidate satisfies the federal constitutional requirements for holding office.*

Sec. 3. Minnesota Statutes 1988, section 204B.11, subdivision 2, is

amended to read:

Subd. 2. [PETITION IN PLACE OF FILING FEE.] At the time of filing an affidavit of candidacy, a candidate may present a petition in place of the filing fee. The petition may be signed by any individual eligible to vote for the candidate. A nominating petition filed pursuant to section 204B.07 or 204B.13, subdivision 4, is effective as a petition in place of a filing fee if the nominating petition includes a prominent statement informing the signers of the petition that it will be used for that purpose.

The number of signatures on a petition in place of a filing fee shall be as follows:

(a) For a state office voted on statewide, or for *president of the United States, or* United States senator, 2,000;

(b) For a congressional office, 1,000;

(c) For a county or legislative office, or for the office of district, county or county municipal judge, 500; and

(d) For any other office which requires a filing fee as prescribed by law, municipal charter or ordinance, the lesser of 500 signatures or five percent of the total number of votes cast in the municipality, ward or other election district at the preceding general election at which that office was on the ballot.

An official with whom petitions are filed shall make sample forms for petitions in place of filing fees available upon request.

Sec. 4. Minnesota Statutes 1989 Supplement, section 207A.01, is amended to read:

207A.01 [PRESIDENTIAL PRIMARY.]

A presidential primary must be held on the ~~fourth~~ *first* Tuesday in ~~February~~ *April* of each year in which a president and vice president of the United States are to be nominated and elected, at which the voters of this state may express their preference among the candidates of the major political party of their choice, for that party's nomination to be president of the United States *or may vote for uncommitted delegates to the national party convention*. For the purposes of sections 207A.01 to 207A.07, "political party" or "party" means a political party as defined in section 200.02, subdivision 7.

Sec. 5. Minnesota Statutes 1989 Supplement, section 207A.02, is amended to read:

207A.02 [CANDIDATES ON BALLOT.]

Subdivision 1. [REQUIRED LISTING.] The following individuals must be listed as candidates on the appropriate major political party presidential ballot with a separate ballot for each major political party:

(1) any individual ~~whose name has been entered as a candidate for the nomination of a major political party in presidential primaries in two or more other states during the same year~~ *who files an affidavit of candidacy pursuant to section 204B.06 and submits the appropriate filing fee or petition in place of filing fee pursuant to section 204B.11*; and

(2) any individual nominated as a candidate for the presidential nomination of a political party by a petition *submitted not later than ten weeks*

before the primary and bearing the names of ~~2,000~~ *1,000* eligible voters from each congressional district.

In addition, each major political party's ballot must contain a place for a voter to indicate a preference for having delegates to the party's national convention remain uncommitted, and a blank line printed below the other choices on the ballot so that a voter may write in the name of a person who is not listed on the ballot.

Subd. 1a. [TIME FOR FILING; FEE.] *The period for filing an affidavit of candidacy for the presidential primary must begin 16 weeks before the primary and end 14 weeks before the primary. The filing fee is $500. The period for signing nominating petitions must begin 16 weeks before the primary and end ten weeks before the primary.*

Subd. 2. [~~TENTATIVE LISTING~~ *ANNOUNCING CANDIDATES.*] ~~A tentative determination of the~~ Candidates ~~to be listed~~ *who have filed an affidavit of candidacy pursuant to subdivision 1, clause (1),* for each political party on the presidential primary ballot must be announced by the secretary of state ~~ten weeks before the primary~~ *the day after filings close* for the purpose of giving voters sufficient time to nominate ~~unlisted~~ *other* candidates by petition.

Subd. 3. [ANNOUNCEMENT.] The determination of which candidates must be listed on the presidential primary ballot must be made by the secretary of state not later than ~~six~~ *eight* weeks before the presidential primary. *The secretary of state shall certify to the county auditor of each county the names of all candidates in the presidential primary at least seven weeks before the primary.*

Subd. 4. [NOTIFICATION.] *Not later than three days after the last day for filing a nominating petition pursuant to subdivision 1, clause (2),* the secretary of state shall notify each individual whose name is to be listed on the presidential primary ballot that the individual's name will be listed unless the individual submits an affidavit stating that the individual is not a candidate for the presidential nomination, does not intend to become a candidate, and would not accept the nomination. The affidavit must be submitted to and received by the secretary of state no later than ~~five~~ *eight* weeks before the presidential primary.

Sec. 6. Minnesota Statutes 1989 Supplement, section 207A.03, is amended to read:

207A.03 [PRESIDENTIAL PRIMARY; HOW CONDUCTED.]

Subdivision 1. [GENERAL RULE.] Except as otherwise provided in sections 207A.01 to 207A.07, the presidential primary must be ~~announced, held, and~~ conducted, and the results canvassed and returned in the manner provided by law for ~~other primaries and in accordance with the general election laws of the state, as applicable~~ *the state primary*. If a municipality which uses lever voting machines or an electronic voting system determines that the use of the machines or voting system would not be practical in the presidential primary, the municipality may use a paper ballot for the presidential primary.

Subd. 2. [VOTER CERTIFICATION; BALLOT.] *An individual seeking to vote at the presidential primary shall request the ballot of the party for whose candidates the individual wishes to vote. The voter registration certificate or duplicate registration file for the presidential primary must*

list the names of the political parties appearing on the ballot at the presidential primary. Before receiving a ballot, a voter shall sign the voter's certificate or duplicate registration file and shall place a check mark beside the name of the political party whose ballot the voter requested.

Sec. 7. Minnesota Statutes 1989 Supplement, section 207A.04, is amended to read:

207A.04 [AUDITOR FURNISHED INFORMATION BY SECRETARY OF STATE; BALLOT PREPARATION.]

Subdivision 1. [NOTICE *OF FILING PERIOD.*] ~~Before December 1 of the year~~ *Twenty weeks* before a presidential primary is to be held, the secretary of state shall provide notice to the county auditor of each county of the date of the presidential primary. *Within ten days after notification by the secretary of state,* each county auditor shall provide notice of the date of the presidential primary to each municipal clerk in the county.

Subd. 2. [NOTICE OF PRIMARY.] At least 15 days before the date of the presidential primary, each municipal clerk shall post a public notice stating the date *of the presidential primary, the location of each polling place in the municipality,* and *the* hours during which the polling places in the municipality will be open. *The county auditor shall post a similar notice in the auditor's office with information for any polling places in unorganized territory in the county. The governing body of a municipality or county may publish the notice in addition to posting it.* Failure to give notice does not invalidate the election.

Subd. ~~2~~ *3.* [BALLOT PREPARATION.] The secretary of state shall prepare paper ballots, absentee ballot envelopes, ballot return envelopes, election return envelopes, and summary statements for use in the presidential primary. The ballots must be printed on white paper with a separate ballot for the names of the candidates of each political party.

Sec. 8. Minnesota Statutes 1989 Supplement, section 207A.06, is amended to read:

207A.06 [SELECTION OF DELEGATES; NATIONAL CONVENTION BALLOTING.]

Subdivision 1. [APPORTIONMENT OF VOTES.] The delegates to the national convention of each political party appearing on the presidential primary ballot *who are chosen on the basis of their support for particular presidential candidates* must be apportioned among the various candidates of that party receiving votes in the presidential primary, in proportion to their respective vote totals.

The secretary of state shall certify to the state chairperson of each political party appearing on the presidential primary ballot the number of delegates to which each presidential candidate is entitled.

Subd. 2. [CHOSEN DELEGATES.] Delegates to the national convention of each political party appearing on the presidential primary ballot must be chosen by the state convention *or congressional district convention* of that party, except as otherwise provided in this subdivision. The secretary of each party's state convention *or congressional district convention* shall promptly notify the secretary of state of the names of the delegates to the national convention chosen as supporters of each presidential candidate. ~~Only supporters of candidates whose names appeared on the presidential primary ballot may be chosen by the state convention of that party to be~~

~~delegates to the national convention. The secretary of state shall promptly notify each presidential candidate of the names of the delegates to the national convention chosen as supporters of that candidate. If the presidential candidate determines that the delegates chosen as supporters by the state convention are not in fact committed to the candidate's candidacy, the candidate shall, within ten days of receiving the notification from the secretary of state, advise the secretary of state of the names of those delegates to whom the candidate objects on those grounds and shall name as substitute delegates any other individuals who are committed to the candidacy. The determination and selection by the presidential candidate shall take precedence over the decision of the state convention and is final. The secretary of state shall promptly notify the secretary of the state convention of the affected political party of the action by a presidential candidate.~~

Subd. 3. [DELEGATE VOTES.] At the national convention, delegates chosen because of their support for a presidential candidate shall vote for that candidate on the first ballot ~~at the national convention regardless of the number of votes the candidate receives, and shall also vote for the candidate on the second and third ballots if the candidate receives at least 20 percent of the votes cast on the preceding ballot~~, unless they have been released from that obligation by the candidate. *This subdivision does not apply to delegates to the extent that it is inconsistent with the rules of the national party or state party.*

Sec. 9. [207A.08] [INFORMATION ON PARTY CHOICE.]

Notwithstanding section 204C.18, subdivision 1, or other law to the contrary, a person entitled to inspect the duplicate registration file or receive a copy of a current precinct list under section 201.091, must also be informed of the party choice of any voter who voted in the most recent presidential primary under this chapter.

Sec. 10. [207A.09] [RULEMAKING AUTHORITY.]

The secretary of state shall adopt rules to implement the provisions of this chapter as follows:

(1) to implement section 9;

(2) to determine a method for verifying the signatures on nominating petitions and petitions in place of filing fees for the presidential primary;

(3) to determine the format of the presidential primary ballots; and

(4) to determine the manner of paying or reimbursing the costs to the counties of conducting the presidential primary.

Sec. 11. [REGIONAL PRIMARY STUDY.]

The secretary of state shall study the feasibility of Minnesota's joining any other state to hold a regional presidential primary and shall report conclusions to the chairs of the general legislation, veterans affairs and gaming committee in the house of representatives and the elections and ethics committee in the senate by February 1, 1991.

Sec. 12. [REPEALER.]

Minnesota Statutes 1989 Supplement, section 207A.05, is repealed."

Delete the title and insert:

"A bill for an act relating to elections; presidential primary; changing

the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 10A.15, subdivision 3b; 204B.06, by adding a subdivision; and 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) William P. Luther, Richard J. Cohen, Gary W. Laidig

House Conferees: (Signed) Linda Scheid, Todd Otis, Ron Abrams

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2421 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2421 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 3, as follows:

Those who voted in the affirmative were:

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

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Mr. Hughes moved that the vote whereby the Conference Committee Report on S.F. No. 1777 was rejected and the bill was returned to the Conference Committee on April 23, 1990, be now reconsidered.

S.F. No. 1777: A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

CALL OF THE SENATE

Mr. Waldorf imposed a call of the Senate for the balance of the proceedings on S.F. No. 1777. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Hughes.

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

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Merriam	Schmitz
Anderson	Davis	Johnson, D.E.	Moe, D.M.	Spear
Beckman	Decker	Kroening	Moe, R.D.	Vickerman
Belanger	DeCramer	Langseth	Morse	Waldorf
Berg	Flynn	Lantry	Pariseau	
Berglin	Frederickson, D.J.	Lessard	Peterson, R.W.	
Brandl	Frederickson, D.R.	Luther	Piper	
Brataas	Freeman	McQuaid	Renneke	

Those who voted in the negative were:

Bertram	Johnson, D.J.	McGowan	Piepho	Samuelson
Dicklich	Knaak	Metzen	Pogemiller	Solon
Frank	Knutson	Novak	Purfeerst	Stumpf
Frederick	Larson	Olson	Ramstad	
Gustafson	Marty	Pehler	Reichgott	

The motion prevailed. So the vote was reconsidered.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1777

A bill for an act relating to Ramsey county; setting the terms of charter commission members; amending Minnesota Statutes 1988, section 383A.553, subdivision 1.

April 23, 1990

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1777, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Gene Waldorf

House Conferees: (Signed) Dick Kostohryz, Mary Jo McGuire, Don Valento

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1777 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion did not prevail.

Mr. Cohen moved that S.F. No. 1777 and the Conference Committee Report thereon be laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages

From the House.

MESSAGES FROM THE HOUSE

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. 2160, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2160: A bill for an act relating to education; providing for the environmental education act; creating the office of environmental education; proposing coding for new law as Minnesota Statutes, chapter 126A; repealing Minnesota Statutes 1988, sections 116E.01; 116E.02; 116E.03, subdivisions 2, 3, 4, 5, 6, 7, 7a, 8, and 9; and 116E.04; Minnesota Statutes 1989 Supplement, sections 116E.03, subdivision 1; and 116E.035.

Senate File No. 2160 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 576: A bill for an act relating to human services; providing that medical certification for general assistance benefits may be made by a licensed chiropractor; amending Minnesota Statutes 1988, section 256D.02, by adding a subdivision.

There has been appointed as such committee on the part of the House:

Jefferson, Ogren, Tjornhom, Kelso and Rodosovich.

Senate File No. 576 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2317, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2317: A bill for an act relating to utilities; providing for the assessment of expenses for adjudicating service area disputes to municipal electric utilities; providing for civil penalties for violations of chapter 237; reestablishing the position of program administrator of the telecommunications access for communication-impaired persons board; extending the

electric utility service area task force until 1992; requiring a study; appropriating money; amending Minnesota Statutes 1988, sections 216B.62, subdivision 5; and 237.51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 237.

Senate File No. 2317 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2126, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2126: A bill for an act relating to health; providing regulations for bulk pesticide storage; amending provisions relating to pesticide registration fees and application fees; requiring permits for sources of irrigation water; requiring a permit for construction of a fertilizer distribution facility; requiring a responsible party to immediately take reasonable action necessary to abate an agricultural chemical incident; requiring certain administrative hearings on contested orders within 14 days; crediting certain agricultural penalties to the pesticide or fertilizer regulatory accounts; amending provisions relating to the registration surcharge and the agricultural chemical response and reimbursement fee; appropriating money from the general fund to be reimbursed with response and reimbursement fees; amending provisions relating to response and reimbursement eligibility; providing commissioner of agriculture authority under chapter 115B for agricultural chemical incidents; clarifying requirements for water well construction and ownership; clarifying provisions for at-grade monitoring wells; establishing reduced isolation distances for facilities with safeguards; clarifying conditions to issue a limited well contractor's license; amending effective dates; amending appropriations; amending Minnesota Statutes 1988, sections 18B.14, subdivision 2; 18B.27, subdivision 3; 18B.28, subdivision 4; 105.37, by adding a subdivision; 105.41, subdivision 4, and by adding a subdivision; 115B.02, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 18B.26, subdivision 3; 18C.205, subdivision 2; 18C.305, subdivision 1; 18D.103, subdivision 1; 18D.321, subdivision 2; 18E.03, subdivisions 3, 4, 5, and by adding a subdivision; 18E.04, subdivision 1; 103B.3369, subdivision 5; 103I.005, subdivisions 2, 8, 9, 16, and by adding a subdivision; 103I.101, subdivisions 2, 5, and 6; 103I.111, subdivision 5, and by adding a subdivision; 103I.205, subdivisions 1, 2, 4, 5, 6, and 8; 103I.208, subdivision 2; 103I.235; 103I.301, subdivision 3; 103I.311, subdivision 3; 103I.325, subdivision 2; 103I.525, subdivisions 1, 5, and 6; 103I.531, subdivision 4; 103I.541, subdivision 1, and by adding subdivisions; 103I.681; 103I.685; 103I.691; 103I.705, subdivisions 2 and 3; 105.41, subdivisions 1c and 5a; 115B.20, subdivision 1; 116C.69, subdivision 3; Laws 1989, chapters 326, article 3, section 49; article 6, section 33, subdivision 2; article 8, section 10; and 335, article 1, section 23, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 18D and 103I; repealing Minnesota Statutes 1988, section 115B.17, subdivision 8; Minnesota Statutes 1989

Supplement, sections 103I.005, subdivision 19; 103I.211; 103I.301, subdivision 5; 103I.321; 103I.325, subdivision 1; and 103I.533.

Senate File No. 2126 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1813, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1813: A bill for an act relating to human services; amending the Medicare certification requirement for nursing homes; amending Minnesota Statutes 1989 Supplement, section 256B.48, subdivision 6.

Senate File No. 1813 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2195, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2195: A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

Senate File No. 2195 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1894, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1894: A bill for an act relating to environment and natural resources; amending provisions relating to water management organizations; providing legislative commission oversight of the metropolitan water management act; authorizing management and financing of drainage systems under certain laws; clarifying water management purposes; authorizing counties to remove watershed district managers for just cause; authorizing

a technical advisory committee; requiring watershed management organizations to prepare newsletters, annual reports, and audits; providing for preparation of watershed plans and implementation of plans; providing penalties for not implementing plans; authorizing and directing the board of water and soil resources to adopt rules; providing for appeal of plan failures; providing for requests for proposals for certain services; authorizing accumulation of levy proceeds; requiring a draining system report; appropriating money; amending Minnesota Statutes 1988, sections 110B.28; 110B.30; 112.42, by adding a subdivision; 473.875; 473.876, by adding a subdivision; 473.877, subdivision 1; 473.878, subdivisions 1, 1a, 2, 3, 4, 8, and by adding subdivisions; 473.879, subdivision 2; 473.881; 473.882, subdivision 1; and 473.883, subdivisions 3 and 7; Minnesota Statutes 1989 Supplement, section 473.883, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 112 and 473.

Senate File No. 1894 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 2177, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2177: A bill for an act relating to traffic safety; providing for administrative impoundment of license plates of vehicles owned by repeat violators of laws relating to driving while intoxicated; providing for issuance of special plates; requiring peace officers to serve a notice of intent to impound when serving a notice of intent to revoke the violator's driver's license; providing for administrative and judicial review of impoundment orders; eliminating the alcohol problem screening for persons convicted of offenses associated with driving under the influence of alcohol or a controlled substance; modifying procedures for chemical use assessments, programs, and funding; changing the maximum rate for reimbursement of counties from the general fund for the assessments; expanding the crime of refusing to submit to an implied consent test; requiring notice of certain enhanced penalties; expanding the crime of aggravated driving while intoxicated; removing requirement that negligence be proven for conviction of criminal vehicular operation if driver's alcohol concentration was 0.10 or more; imposing penalties for criminal vehicular operation resulting in substantial bodily harm; prohibiting constructive possession of alcohol in a private motor vehicle; expanding the definition of possession; changing provisions about aircraft operation while under the influence of alcohol or controlled substances; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.041, subdivisions 3, 8, and 10; 169.121, by adding a subdivision; 169.122, subdivision 2; 169.124, subdivision 1; 169.126, subdivisions 1, 2, 6, and by adding a subdivision; 169.129; and 360.015, subdivisions 1 and 6; Minnesota Statutes 1989 Supplement, sections 169.041, subdivision 4; 169.121, subdivisions 1a, 3, and 3b; 169.126, subdivision 4; 260.193, subdivision 8; and 609.21; proposing coding for new law in Minnesota Statutes, chapters 168 and 360;

repealing Minnesota Statutes 1988, sections 168.041, subdivision 3a; 169.124, subdivisions 2 and 3; 169.126, subdivisions 2, 3, and 4b; 360.075, subdivision 7; and 360.0751; Minnesota Statutes 1989 Supplement, sections 168.041, subdivision 4a; and 169.126, subdivision 4a.

Senate File No. 2177 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

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. 1966: A bill for an act relating to education; expanding open enrollment to bordering states; amending Minnesota Statutes 1988, section 120.062, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 120.062, subdivision 12.

Senate File No. 1966 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

CONCURRENCE AND REPASSAGE

Mr. DeCramer moved that the Senate concur in the amendments by the House to S.F. No. 1966 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1966 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knutson	Moe, R.D.	Reichgott
Anderson	DeCramer	Kroening	Morse	Renneke
Beckman	Dicklich	Laidig	Novak	Samuelson
Belanger	Flynn	Langseth	Olson	Solon
Berglin	Frank	Lantry	Pariseau	Spear
Bernhagen	Frederick	Larson	Pehler	Storm
Bertram	Frederickson, D.J.	Marty	Peterson, R.W.	Stumpf
Brandl	Frederickson, D.R.	McGowan	Piepho	Vickerman
Brataas	Gustafson	McQuaid	Piper	
Cohen	Johnson, D.E.	Merriam	Pogemiller	
Dahl	Johnson, D.J.	Metzen	Purfeerst	
Davis	Knaak	Moe, D.M.	Ramstad	

Mr. Berg 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 that the House has adopted the recommendation and report of the Conference Committee on House File No. 2478, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2478 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 24, 1990

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2478

A bill for an act relating to the financing and operation of government in Minnesota; updating references to the Internal Revenue Code; changing the computation of aid to local units of governments; modifying the computation and administration of taxes and property tax refunds; providing tax deductions and exemptions; changing the tax rates; authorizing certain local governments to borrow money; providing a food shelf checkoff; changing definition of debt for the revenue recapture act; providing certain rights and remedies to taxpayers; modifying the requirements for the collection and expenditure of tax increments; repealing the increase in the maximum lodging tax; allowing the sale of certain tax forfeited land in Otter Tail county; allowing the cities of Bayport, Windom, and Jackson and the counties of Goodhue, Douglas, and Koochiching to levy taxes for certain purposes; requiring certain uses of tax increments by the city of Minneapolis; exempting the city of Moorhead from certain requirements; permitting the cities of Bloomington and Roseville to impose lodging taxes; changing truth-in-taxation requirements; requiring payment of the prevailing wage for financial assistance; requiring reports and studies; imposing and transferring powers and duties; changing certain effective dates; increasing certain fees; providing for payment of the greater Minnesota landfill fee; imposing a minimum fee on corporations; providing for withholding of certain refunds; requiring an appropriation by the metropolitan sports facilities commission; reducing and transferring appropriations; canceling certain debts; appropriating money; amending Minnesota Statutes 1988, sections 270.07, by adding a subdivision; 270.70, subdivisions 1, 2, 4, 8, and by adding subdivisions; 270.701, by adding a subdivision; 270.709, subdivision 1; 270A.03, subdivisions 2 and 5; 271.12; 271.19; 273.11, by adding a subdivision; 273.124, by adding a subdivision; 273.1398, by adding a subdivision; 273.42, subdivision 1; 275.065, by adding a subdivision; 276.111; 277.15; 279.03, subdivision 2, and by adding a subdivision; 279.06; 281.17; 282.01, subdivision 4; 282.014; 282.261, subdivision 2; 289A.11, as added, by adding a subdivision; 290.431; 290.50, by adding a subdivision; 290A.10; 290A.19; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.07, subdivision 5; 297A.01, subdivision 15; 297A.25, by adding a subdivision; 298.015, subdivision 1; 298.017; 298.05; 298.24, subdivision 1; 469.059, subdivision 11; 469.129, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 12, and by adding subdivisions; 469.175, subdivision 1a, and by adding subdivisions; 469.176, subdivisions 2 and 3; 469.177, subdivision 8; 477A.011, subdivision 17, and by adding a

subdivision; 477A.012, subdivision 1, and by adding a subdivision; 477A.013, by adding a subdivision; 477A.03, subdivision 1; 477A.11, subdivision 4; 477A.13; and 500.24, subdivision 4; Minnesota Statutes 1989 Supplement, sections 270.10, subdivision 1a; 270.69, subdivision 11; 273.11, subdivision 1; 273.112, subdivision 3; 273.124, subdivisions 8 and 9; 275.08, subdivision 1d; 278.05, subdivision 4; 279.01, subdivision 1; 282.01, subdivision 1; 290.01, subdivision 19; 290A.04, subdivision 5; 290A.045, subdivision 7; 375.192, subdivision 2; 383.06; 410.32; 462.396, subdivision 2; 469.175, subdivision 4; 469.176, subdivision 4c; 469.177, subdivision 9; and 469.190, subdivisions 1 and 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivision 8; 60A.15, subdivision 1; 103B.3369, subdivisions 5 and 7; 272.02, subdivision 4; 273.13, subdivisions 22, 23, and 25; 273.1398, subdivisions 1 and 2; 273.371, subdivision 1; 275.065, subdivisions 1 and 6; 275.07, subdivision 1; 275.50, subdivision 5; 275.51, subdivision 3f; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 290.05, subdivision 1; 290.06, subdivision 1; 290.091, subdivision 2; 290.0921, subdivisions 1, 3, and by adding a subdivision; 290A.04, subdivision 2a; 290A.045, subdivision 6; 297A.01, subdivision 3; 297A.44, subdivision 1; 469.174, subdivisions 7 and 10; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 4j; 469.177, subdivision 10; 469.190, subdivision 3; 477A.011, subdivisions 1a and 25; and 477A.013, subdivisions 3 and 5; Laws 1988, chapter 719, article 12, section 30, as amended; Laws 1989, chapters 326, article 3, section 49; and 353, section 13; and Laws 1989, First Special Session chapter 1, articles 3, section 32, subdivisions 1 and 2; 5, section 52; and 10, section 45; proposing coding for new law in Minnesota Statutes, chapters 134; 116J; 268; 270; 273; 290; and 469; repealing Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; 115A.928; 290.06, subdivision 1a; and 375.192, subdivision 1; Minnesota Statutes Second 1989 Supplement, 273.1398, subdivision 2b.

April 24, 1990

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 2478, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2478 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TAXPAYERS' BILL OF RIGHTS

Section 1. [270.0602] [BASIS FOR EVALUATION OF DEPARTMENT OF REVENUE EMPLOYEES.]

The department of revenue must not use tax enforcement results to impose individual revenue quotas with respect to employees or their immediate supervisors who are directly involved in assessment or collection activities. The department may, however, use individual performance with regard to number of cases completed and, in the case of collections employees,

dollars collected, as factors in evaluating an employee and not be considered as failing to comply with this section.

Sec. 2. [270.0603] [DISCLOSURE OF RIGHTS OF TAXPAYERS.]

Subdivision 1. [IN GENERAL.] *The commissioner of revenue shall, as soon as practicable, but not later than 180 days after the date of enactment of this act, prepare statements that set forth in simple and nontechnical terms:*

(1) the rights and obligations of the department of revenue and the taxpayer during an audit;

(2) the procedures by which a taxpayer may appeal an adverse decision of the department, including administrative and judicial appeals;

(3) the procedures for filing refund claims and filing of taxpayer complaints; and

(4) the procedures that the department may use in enforcing the tax laws, including assessment, jeopardy assessment, levy and distraint, and the filing of liens.

Subd. 2. [TRANSMISSION TO LEGISLATURE.] *The commissioner shall provide drafts of the statements required under subdivision 1 to the chairs of the house of representatives and senate tax committees for proposed revisions of the statements.*

Subd. 3. [DISTRIBUTION.] *The appropriate statement prepared in accordance with subdivisions 1 and 2 must be distributed by the commissioner to all taxpayers contacted with respect to the determination or collection of a tax, other than the providing of tax forms. Failure to receive the statement does not invalidate the determination or collection action.*

Sec. 3. Minnesota Statutes 1988, section 270.07, is amended by adding a subdivision to read:

Subd. 6. [ABATEMENT OF PENALTY.] *(a) A request for abatement of penalty under subdivision 1, under section 289A.14, subdivision 4, or under paragraph (c), must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.*

(b) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may, except as limited under subdivision 1, file an administrative appeal as provided in section 289A.16 or appeal to tax court as provided in section 271.06.

If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to tax court as provided in section 271.06.

(c) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.026, subdivision 2, or 289A.027, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or

accurate information.

Sec. 4. Minnesota Statutes 1989 Supplement, section 270.10, subdivision 1a, is amended to read:

Subd. 1a. [NOTIFICATION TO TAXPAYER.] At the same time that notice of the assessment, determination, or order of the commissioner is given to a taxpayer, the taxpayer must be notified in writing of the right to appeal to the tax court, and if applicable, to the small claims division. *Except in the case of mathematical or clerical errors, the notice must contain a description of the basis for, including applicable law and other factors considered in the determination, and a listing of the amounts of tax due, interest, additions to tax, and penalties. Failure to provide all the required information does not invalidate the notice for purposes of satisfying statutory notice requirements if the notice contains sufficient information to advise the taxpayer that an assessment, order, or other determination has been made. The taxpayer may request further clarification within the time provided for appealing the determination.* In any notice of assessment, determination, or order dealing with property valuation or assessment for property tax purposes by the commissioner of revenue or a local unit of government, the taxpayer must be notified in writing that a taxpayer must appeal to the town or city board of equalization and to the county board of equalization before appealing to the small claims division of the tax court, except for those taxpayers whose original assessments are determined by the commissioner of revenue.

Sec. 5. [270.272] [PROCEDURES INVOLVING IN-PERSON TAXPAYER INTERVIEWS.]

Subdivision 1. [RECORDING OF INTERVIEWS.] *(a) In connection with an interview with a taxpayer relating to the audit or collection of a tax, and on advance request of the taxpayer, an employee of the department of revenue shall allow the taxpayer to make an audio recording of the interview at the taxpayer's expense and with the taxpayer's equipment.*

(b) An employee of the department may record an interview described in paragraph (a) if the taxpayer is informed of the recording before the interview and a transcript or copy of the recording is made available to the taxpayer on the taxpayer's request, provided the department is reimbursed by the taxpayer for the cost of transcribing or copying the recording.

Subd. 2. [SAFEGUARDS.] *(a) Before or at the start of an initial interview, an employee of the department shall provide to the taxpayer in the case of an audit interview an explanation of the audit process and the taxpayer's rights under that process and, in the case of a collection interview, an explanation of the collection process and the taxpayer's rights under that process.*

(b) If a taxpayer requests to consult with an attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department at any time during an interview, except an interview initiated by an administrative subpoena, the interview must be suspended for no more than 30 days.

Subd. 3. [REPRESENTATIVES HOLDING POWER OF ATTORNEY.] *An attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department who has a written power of attorney executed by the taxpayer may represent the taxpayer in an interview described in subdivision 1. The taxpayer may be required to*

accompany the representative only if an administrative subpoena is issued. In this instance, with the consent of an immediate supervisor and after ten days' notice to the representative, the department employee may notify the taxpayer directly that the employee believes the representative is unreasonably delaying the examination or investigation process.

Subd. 4. [NOT TO APPLY TO CERTAIN INVESTIGATIONS.] *This section does not apply to criminal investigations or investigations relating to the conduct of an employee of the department.*

Sec. 6. [270.273] [TAXPAYER ASSISTANCE ORDERS; TAXPAYER'S RIGHTS ADVOCATE.]

Subdivision 1. [AUTHORITY TO ISSUE.] *On application filed by a taxpayer with the department of revenue taxpayer's rights advocate, in the form, manner, and in the time prescribed by the commissioner, and after thorough investigation, the taxpayer's rights advocate may issue a taxpayer assistance order if, in the determination of the taxpayer's rights advocate, the manner in which the state tax laws are being administered is creating or will create an unjust and inequitable result for the taxpayer.*

Subd. 2. [TERMS OF A TAXPAYER ASSISTANCE ORDER.] *A taxpayer assistance order may require the department to release property of the taxpayer levied on, cease any action, or refrain from taking any action to enforce the state tax laws against the taxpayer, until the issue or issues giving rise to the order have been resolved.*

Subd. 3. [AUTHORITY TO MODIFY OR RESCIND.] *A taxpayer assistance order issued by the taxpayer's rights advocate under this section may be modified or rescinded by the commissioner.*

Subd. 4. [SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.] *The running of the period of limitation with respect to an action described in subdivision 2 is suspended from the date of the taxpayer assistance order until the expiration date of the order or, if modified, the expiration date of the modified order or, if rescinded, the date of the rescission.*

Subd. 5. [INDEPENDENT ACTION OF TAXPAYER'S RIGHTS ADVOCATE.] *This section does not prevent the taxpayer's rights advocate from taking action in the absence of an application under subdivision 1.*

Subd. 6. [TAXPAYER'S RIGHTS ADVOCATE.] *For purposes of this section, the term "taxpayer's rights advocate" includes a designee of the taxpayer's rights advocate. The taxpayer's rights advocate shall represent the interests of taxpayers who have grievances against the department in connection with an audit or collection activity, and shall report directly to the commissioner. A determination of the taxpayer's rights advocate under this section to issue or to not issue a taxpayer assistance order is final, and cannot be appealed to the tax court or any other court.*

Sec. 7. [270.274] [REVIEW OF JEOPARDY ASSESSMENT AND LEVY PROCEDURES.]

Subdivision 1. [ADMINISTRATIVE REVIEW.] *Within five days after a jeopardy assessment or collection is made to assess or collect a tax administered by the commissioner of revenue, the commissioner shall provide the taxpayer with a written statement of the information relied on in making the assessment or levy. Within 30 days after the written statement is provided or, if not provided, within 35 days after the assessment or levy, the taxpayer may request the commissioner to review the action taken.*

After a request for review, the commissioner shall determine whether the assessment or levy is reasonable and whether the amount assessed or demanded as a result of the action is appropriate under the circumstances.

Subd. 2. [JUDICIAL REVIEW.] *A determination by the commissioner under subdivision 1 is appealable to the tax court in the manner provided by law, and the appeal must be expeditiously heard by the court. If the court determines that the making of the assessment or levy is unreasonable, or that the amount assessed or demanded is inappropriate, the court may order the commissioner to release the levy, abate the assessment, redetermine in whole or in part the amount assessed or demanded, or take other action. A determination by the court under this subdivision is final and may not be appealed by either party.*

Subd. 3. [BURDEN OF PROOF.] *In a proceeding under subdivision 2, the burden of proving that the assessment or collection of the tax was jeopardized by delay is on the commissioner. Regarding the issue of whether the amount assessed or demanded as a result of the action is appropriate, the commissioner shall provide a written statement explaining the basis for determining the amount, and the burden is on the taxpayer to show that the statement is incorrect or invalid.*

Sec. 8. [270.275] [CIVIL DAMAGES FOR FAILURE TO RELEASE LIEN.]

Subdivision 1. [IN GENERAL.] *(a) A taxpayer may bring a civil action for damages against the commissioner in district court when an employee or the department has knowingly or negligently:*

(1) failed to release a lien as required by section 270.69, subdivision 11; or

(2) failed to release a lien within 30 days after satisfaction of the liability on which the lien is based.

(b) An action under paragraph (a), clause (2), must be preceded by 30 days written notice by the taxpayer to the commissioner and the taxpayer's rights advocate that the lien has not been released. An action under paragraph (a) must be commenced within two years after the date the right of action accrued.

Subd. 2. [DAMAGES.] *On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the sum of actual, direct economic damages sustained by the plaintiff due to the actions of the defendant, plus the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.*

Subd. 3. [MITIGATION OF DAMAGES.] *Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.*

Sec. 9. [270.276] [CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED COLLECTION ACTIONS.]

Subdivision 1. [IN GENERAL.] *If in connection with the collection of previously determined delinquent taxes from a taxpayer of a state tax administered by the commissioner of revenue, an employee of the department recklessly or intentionally disregards a state tax law or rule, the taxpayer may bring a civil action for damages against the commissioner*

in district court within two years after the date the right of action accrues.

Subd. 2. [DAMAGES.] *On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the lesser of $100,000, or the sum of (1) actual, direct economic damages sustained by the plaintiff as a proximate result of the reckless or intentional actions of the employee and (2) the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.*

Subd. 3. [LIMITATIONS.] *A judgment for damages must not be awarded under subdivision 2 unless the court determines that the plaintiff has exhausted the administrative remedies available to the plaintiff within the department. Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.*

Subd. 4. [PENALTIES FOR PROCEDURES INSTITUTED PRIMARILY FOR DELAY.] *When it appears to the district court that:*

(1) proceedings before it under this section have been instituted or maintained by the taxpayer primarily for delay;

(2) the taxpayer's position in such proceeding is frivolous or groundless; or

(3) the taxpayer unreasonably failed to pursue available administrative remedies,

the district court, in its decision, may require the taxpayer to pay to the department of revenue a penalty not in excess of $25,000. The penalty may be assessed and, upon notice and demand, may be collected in the same manner as a tax.

Sec. 10. Minnesota Statutes 1989 Supplement, section 270.69, subdivision 11, is amended to read:

Subd. 11. [ERRONEOUS LIENS.] *After the filing of a notice of lien under this section on the property or rights to property of a person, the person may appeal to the commissioner, in the form and at the time prescribed by the commissioner, alleging an error in the filing of the lien and requesting its release.* If the commissioner ~~of revenue~~ determines that the filing of the notice of any lien was erroneous, within 14 days after the determination, the commissioner must issue a certificate of release of the lien. The certificate must include a statement that the filing of the lien was erroneous. In the event that the ~~claim~~ *lien* is erroneous *and is not released within the 14-day period*, reasonable attorney fees shall be paid. *Damages must be paid in accordance with section 3.736, subdivision 7.*

Sec. 11. Minnesota Statutes 1988, section 270.70, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY OF COMMISSIONER.] If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, including any property in the possession of law enforcement officials, of the person liable for the payment or collection of such tax (except that which is exempt from

execution pursuant to section 550.37 *and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989*) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest and costs properly payable. The term "levy" includes the power of distraint and seizure by any means.

Sec. 12. Minnesota Statutes 1988, section 270.70, subdivision 2, is amended to read:

Subd. 2. [NOTICE AND DEMAND; *COLLECTION BY LEVY;* JEOPARDY COLLECTION.] Before a levy is made, notice and demand for payment of the amount due ~~shall~~ *must* be given to the person liable for the payment or collection of the tax at least ~~ten~~ *30* days prior to the levy. If the commissioner has reason to believe that collection of the tax is in jeopardy, notice and demand for immediate payment of the tax may be made by the commissioner. If the tax is not paid, the commissioner may proceed to collect by levy without regard to the ~~ten day~~ period provided herein. *The notice required under this subdivision must be sent to the taxpayer's last known address and must include a brief statement that sets forth in simple and nontechnical terms:*

(1) the administrative appeals available to the taxpayer with respect to the levy and sale; and

(2) the alternatives available to the taxpayer that can prevent a levy, including installment payment agreements under section 270.67, subdivision 2.

Sec. 13. Minnesota Statutes 1988, section 270.70, subdivision 4, is amended to read:

Subd. 4. [STAY OF SALE.] (a) Where a jeopardy assessment or any other assessment has been made by the commissioner, the property seized for collection of the tax shall not be sold until the time has expired for filing an appeal of the assessment with the tax court pursuant to chapter 271. If an appeal has been filed, no sale shall be made unless the taxes remain unpaid for a period of more than 30 days after final determination of the appeal by the tax court or by the appropriate judicial forum.

(b) Notwithstanding clause (a), seized property may be sold if

(i) the taxpayer consents in writing to the sale, or

(ii) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that such property cannot be kept without great expense.

The tax court has jurisdiction to review a determination made under clause (b)(ii). Review is commenced by motion of the commissioner or the taxpayer. The order of the court in response to the motion is reviewable in the same manner as any other decision of the tax court.

Sec. 14. Minnesota Statutes 1988, section 270.70, subdivision 8, is amended to read:

Subd. 8. [SURRENDER OF PROPERTY SUBJECT TO LEVY.] Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy, upon demand by the commissioner, shall be liable personally to the state of Minnesota in an amount equal to the value of the property or rights not so surrendered, but not

exceeding the amount of taxes for the collection of which such levy has been made. Any amount recovered under this subdivision shall be credited against the tax liability for the collection of which such levy was made. *A financial institution need not surrender funds on deposit until ten days after service of the levy.*

Sec. 15. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

Subd. 17. [UNECONOMICAL LEVY.] *No levy may be made on property if the amount of the expenses that the commissioner estimates would be incurred by the department with respect to the levy and sale of the property exceeds the fair market value of the property at the anticipated time of levy.*

Sec. 16. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

Subd. 18. [LEVY ON APPEARANCE DATE OF SUBPOENA.] *No levy may be made on the property of a person on the day on which the person, or an officer or employee of the person, is required to appear in response to a subpoena issued by the commissioner to collect unpaid taxes, unless the commissioner determines that the collection of the tax is in jeopardy.*

Sec. 17. Minnesota Statutes 1988, section 270.701, is amended by adding a subdivision to read:

Subd. 6. [RIGHT TO REQUEST SALE OF SEIZED PROPERTY WITHIN 60 DAYS.] *The owner of property seized by levy may request that the commissioner offer to sell the property within 60 days after the request, or within a longer period requested by the owner. The request must be complied with unless the commissioner determines and notifies the owner within that period that compliance is not in the best interests of the state of Minnesota. A determination by the commissioner not to comply with the request is appealable to the tax court in the manner provided by law.*

Sec. 18. Minnesota Statutes 1988, section 270.709, subdivision 1, is amended to read:

Subdivision 1. [RELEASE OF LEVY.] ~~It shall be lawful for the commissioner to release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release shall not operate to prevent any subsequent levy.~~ *The commissioner shall release a levy on all or part of the property or rights to property levied on and shall promptly notify the person on whom the levy was made that the levy has been released if: (1) the liability for which the levy was made is satisfied or has become unenforceable by lapse of time; (2) release of the levy will facilitate collection of the liability; (3) the taxpayer has entered into an installment payment agreement under section 270.67, subdivision 2, unless the agreement provides otherwise, or unless release of the levy will jeopardize the status of the department as a secured creditor; or (4) the fair market value of the property exceeds the liability, and release of the levy on a part of the property can be made without hindering collection. In the case of tangible personal property essential in carrying on the trade or business of the taxpayer, the commissioner shall provide for an expedited determination under this subdivision. A release of levy under this subdivision does not prevent a subsequent levy on the property released.*

Sec. 19. Minnesota Statutes 1988, section 271.12, is amended to read:

271.12 [WHEN ORDER EFFECTIVE.]

No order for refundment by the commissioner of revenue, the appropriate unit of government, or the tax court shall take effect until the time for appeal therefrom or review thereof by all parties entitled thereto has expired. Otherwise every order of the commissioner, the appropriate unit of government, or the tax court shall take effect immediately upon the filing thereof, and no appeal therefrom or review thereof shall stay the execution thereof or extend the time for payment of any tax or other obligation unless otherwise expressly provided by law; provided, that in case an order which has been acted upon, in whole or in part, shall thereafter be set aside or modified upon appeal, the determination upon appeal or review shall supersede the order appealed from and be binding upon all parties affected thereby, and such adjustments as may be necessary to give effect thereto shall be made accordingly*; and provided further, the tax court may enjoin enforcement of the order of the commissioner being appealed.* If it be finally determined upon such appeal or review that any person is entitled to refundment of any amount which has been paid for a tax or other obligation, such amount, unless otherwise provided by law, shall be paid to the person by the state treasurer, or other proper officer, out of funds derived from taxes of the same kind, if available for the purpose, or out of other available funds, if any, with interest at the rate specified in section 270.76 from the date of payment of the tax, unless a different rate of interest is otherwise provided by law, in which case such other rate shall apply, upon certification by the commissioner of revenue, the appropriate unit of government, the tax court or the supreme court.

If, within 120 days after a decision of the tax court becomes final, the commissioner does not refund the overpayment determined by the court, together with interest, on motion by the taxpayer, the tax court shall have jurisdiction to order the refund of the overpayment and interest, and to award reasonable litigation costs for bringing the motion. If any tax, assessment, or other obligation be increased upon such appeal or review, the increase shall be added to the original amount, and may be enforced and collected therewith.

Sec. 20. Minnesota Statutes 1988, section 271.19, is amended to read:

271.19 [COSTS AND DISBURSEMENTS.]

Upon the determination of any appeal under this chapter before the tax court, or of any review hereunder by the supreme court, the costs and disbursements may be taxed and allowed in favor of the prevailing party and against the losing party as in civil actions. In any case where a person liable for a tax or other obligation has lost an appeal or review instituted by the person, and the tax court or court shall determine that the person instituted the same merely for the purposes of delay, or that the taxpayer's position in the proceedings is frivolous, additional costs, commensurate with the expense incurred and services performed by the agencies of the state in connection with the appeal, but not exceeding $5,000 in any case, may be allowed against the taxpayer, in the discretion of the tax court or court. Costs and disbursements allowed against any such person shall be added to the tax or other obligation determined to be due, and shall be payable therewith. *To the extent described in section 3.761, where an award of costs and attorney fees is authorized under section 3.762, the costs and fees shall be allowed against the state, including expenses incurred by the*

taxpayer to administratively protest or appeal to the department of revenue the order, decision, or report of the commissioner that is the subject of the tax court proceedings. Costs and disbursements allowed against the state or other public agencies shall be paid out of funds received from taxes or other obligations of the kind involved in the proceeding, or other funds of the agency concerned appropriated and available therefor. Witnesses in proceedings under this chapter shall receive like fees as in the district court, to be paid in the first instance by the parties by whom the witnesses were called, and to be taxed and allowed as herein provided.

Sec. 21. Minnesota Statutes, section 289A.11, as added in Laws 1990, chapter 480, article 1, section 23, is amended by adding a subdivision to read:

Subd. 9. [PETITION IN TAX COURT; REFUND OF INTEREST.] *Notwithstanding any other law, within one year after a decision of the tax court upholding an assessment of the commissioner of revenue becomes final, if the taxpayer has paid the assessment in full, plus interest calculated by the commissioner, the taxpayer may petition the tax court to reopen the case solely for a determination that the interest paid exceeds the interest legally due, and if so, the amount of the overpayment. A determination of overpayment of interest under this subdivision is a determination of overpayment of tax under section 271.12, and is reviewable in the same manner as any other decision of the tax court.*

Sec. 22. [ALTERNATIVE DISPUTE RESOLUTION; LETTER RULINGS; STUDY.]

The commissioner of revenue shall study the cost, feasibility, and means of implementation of (1) an arbitration procedure for resolving disputes between taxpayers and the department of revenue without court litigation, and (2) publication and dissemination of administrative determinations, decisions, and rulings of the department of revenue, through the use of private letter rulings or otherwise. In preparing the study, the commissioner shall consult with the bar association and society of certified public accountants. The commissioner shall report the results of the study to the legislature by January 7, 1991.

Sec. 23. [EFFECTIVE DATES.]

Section 1 is effective for evaluations occurring on or after August 1, 1990.

Sections 2 and 22 are effective the day following final enactment.

Section 3 is effective for advice given on or after August 1, 1990.

Section 4 is effective for notices of assessment issued on or after August 1, 1990.

Section 5 is effective for interviews occurring on or after August 1, 1990.

Section 6 is effective for taxpayer assistance applications filed on or after August 1, 1990.

Section 7 is effective for jeopardy assessments and levies made on or after August 1, 1990.

Sections 8 and 9 are effective for causes of action arising on or after August 1, 1990.

Section 10 is effective for liens filed on or after August 1, 1990.

Sections 11, 15, and 16 are effective August 1, 1990.

Sections 12, 14, and 18 are effective for levies issued on or after August 1, 1990.

Sections 13 and 17 are effective for property seized on or after August 1, 1990.

Sections 19 and 20 are effective for tax court appeals filed on or after August 1, 1990.

Section 21 is effective for interest payments made on or after August 1, 1990.

ARTICLE 2

INCOME, GROSS PREMIUMS, AND FRANCHISE TAXES

Section 1. Minnesota Statutes Second 1989 Supplement, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 15, June 15, and December 15 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies and domestic mutual insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraph (b), installments must be based on a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets ~~at the end of the preceding calendar year exceed~~ *on December 31, 1989, exceeded* $1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6.

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.

Sec. 2. Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue

Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, ~~and~~ the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, *and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239*, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, *and the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239*, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. *The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, shall become effective at the time they become effective for federal tax purposes.*

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290.05, subdivision 1, is amended to read:

Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

(c) any insurance company that is domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota. "Retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction; and

(d) town and farmers' mutual insurance companies and mutual property and casualty insurance companies, other than those (1) writing life insurance or (2) whose total assets ~~at the end of the preceding calendar year exceed~~ *on December 31, 1989, exceeded* $1,600,000,000.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] The franchise tax imposed upon corporations shall be computed by applying to their taxable income the rate of ~~9.5~~ *9.8* percent.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 21, is amended to read:

Subd. 21. [ALTERNATIVE MINIMUM TAX; FACTORS TAX.] (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, subdivision 1, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year equals the lesser of (1) the excess of the tax under ~~this section~~ *subdivision 1* for the taxable year over the amount computed under section 290.092, subdivision 1, clause (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) The tax imposed under section 290.092, subdivision 1, for the taxable year is an alternative minimum tax credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax under section 290.092, subdivision 1, was ~~paid~~ *incurred.*

(c) For taxable years beginning after December 31, 1989, qualification for a credit and computation of the amount of the credit for alternative minimum tax under paragraph (a) must be determined by computing the alternative minimum tax that would apply if section 290.092 were in effect for the taxable year.

Sec. 6. Minnesota Statutes 1988, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] A corporation, other than a corporation with a valid election in effect under section ~~290.9725~~ *1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989,* is allowed a credit against the *portion of the franchise* tax ~~imposed by this chapter~~ *computed under section 290.06, subdivision 1,* for the taxable year equal to:

(a) 5 percent of the first $2 million of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base period research expenses; and

(b) 2.5 percent on all of such excess expenses over $2 million.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the ~~portion of the~~ *Minnesota* charitable contribution deduction ~~that constitutes an item of tax preference under section 57(a)(6) of the Internal Revenue Code~~;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue

Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1987~~ *1989*.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals six percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] ~~(a)~~ In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

(1) ~~seven~~ *5.8* percent of Minnesota alternative minimum taxable income less the credit allowed under section 290.35, subdivision 3; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

~~(b) If the sum of the corporation's Minnesota sales and receipts, property, and payrolls, as defined in section 290.092, subdivision 4, exceeds $5,000,000, the amount under paragraph (a), clause (1), is the greater of~~

~~(1) $500 or~~

~~(2) the amount otherwise determined.~~

~~The provisions of this paragraph do not apply to corporations subject to tax under section 60A.15, subdivision 1; real estate investment trusts; and regulated investment companies or a fund thereof.~~

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.] "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f) and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company

basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

(2) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(3) The special rule for ~~100 percent~~ *certain* dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(4) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to the subtraction under section 290.01, subdivision 19d, clause (4).

(7) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(8) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(9) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

(10) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(11) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 290.0921, is amended by adding a subdivision to read:

Subd. 3a. [EXEMPTIONS.] *The following entities are exempt from the tax imposed by this section:*

(1) cooperatives taxable under subchapter T of the Internal Revenue Code or organized under chapter 308 or a similar law of another state;

(2) corporations subject to tax under section 60A.15, subdivision 1;

(3) real estate investment trusts;

(4) regulated investment companies or a fund thereof; and

(5) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 8, is amended to read:

Subd. 8. [CARRYOVER CREDIT.] (a) A corporation is allowed a credit against qualified regular tax for qualified alternative minimum tax previously paid. The credit is allowable only if the corporation has no tax liability under this section for the taxable year and if the corporation has an alternative minimum tax credit carryover from a previous year. The credit allowable in a taxable year equals the lesser of

(1) the excess of the qualified regular tax for the taxable year over the amount computed under subdivision 1, paragraph (a), clause (1), ~~multiplied by the sum of one plus the surtax percentage under section 290.06, subdivision 1a,~~ for the taxable year or

(2) the carryover credit to the taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Qualified alternative minimum tax" equals the amount determined under subdivision 1 for the taxable year ~~multiplied by the sum of one plus the surtax percentage rate under section 290.06, subdivision 1a~~. In computing the amount of alternative minimum tax

(i) the adjustment under section 56(c)(3) of the Internal Revenue Code must not be made;

(ii) the full amount of the charitable contribution deduction under section 290.21, subdivision 3, must be deducted in computing Minnesota alternative minimum taxable income; and

(iii) in the case of a corporation subject to an occupation tax under section 298.01 the tax preference for depletion under section 57(a)(1) of the Internal Revenue Code must be deducted in computing Minnesota alternative minimum taxable income.

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1~~, and a surtax imposed on that tax under section 290.06, subdivision 1a~~.

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the ~~five~~ taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year in which alternative minimum tax was

paid.

Sec. 12. [290.0922] [MINIMUM FEE; CORPORATIONS.]

Subdivision 1. [IMPOSITION.] *(a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 290.37, other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year includes a tax equal to the following amounts:*

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:	*the tax equals:*
less than $500,000	*$0*
$ 500,000 to $ 1,000,000	*$100*
$ 1,000,000 to $ 4,999,999	*$300*
$ 5,000,000 to $ 9,999,999	*$1,000*
$10,000,000 to $19,999,999	*$2,000*
$20,000,000 or more	*$5,000*

(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section 290.41, subdivision 1, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and on a partnership required to file a return under section 290.41, subdivision 1, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return due under section 290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:	*the tax equals:*
less than $500,000	*$0*
$ 500,000 to $ 1,000,000	*$100*
$ 1,000,000 to $ 4,999,999	*$300*
$ 5,000,000 to $ 9,999,999	*$1,000*
$10,000,000 to $19,999,999	*$2,000*
$20,000,000 or more	*$5,000*

Subd. 2. [EXEMPTIONS.] *The following entities are exempt from the tax imposed by this section:*

(1) corporations exempt from tax under section 290.05 other than insurance companies exempt under subdivision 1, paragraph (d);

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof; and

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989; and

(5) town and farmers' mutual insurance companies.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

Subd. 3. [DEFINITION.] *"Minnesota sales or receipts," "Minnesota property," and "Minnesota payrolls" have the meanings given in section 290.092, subdivision 4.*

Sec. 13. Minnesota Statutes 1988, section 290.31, subdivision 1, is amended to read:

Subdivision 1. [PARTNERS, NOT PARTNERSHIP, SUBJECT TO TAX.] A partnership as such shall not be subject to the income tax imposed by this chapter, *but is subject to the tax imposed under section 290.0922.* Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

Sec. 14. Minnesota Statutes 1989 Supplement, section 290.9201, is amended by adding a subdivision to read:

Subd. 11. [EXCEPTION FROM WITHHOLDING FOR PUBLIC SPEAKERS.] *The provisions of subdivisions 7 and 8 shall not be effective for compensation paid to nonresident public speakers before January 1, 1992, if the compensation paid to the speaker is less than $2,000 or is only a payment of the speaker's expenses.*

Sec. 15. Minnesota Statutes 1988, section 290.9725, is amended to read:

290.9725 [S CORPORATION.]

For purposes of this chapter, the term "S corporation" means any corporation having a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1987. An S corporation shall not be subject to the taxes imposed by this chapter, except the taxes imposed under sections *290.0922,* 290.92, 290.9727, 290.9728, and 290.9729.

Sec. 16. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1989" for the words "Internal Revenue Code of 1986, as amended through December 31, 1988" wherever it occurs in chapters 290, 290A, and 291 except for the use of the phrase in section 290.01, subdivision 19, and section 290.92, subdivision 1, paragraph (1).

Sec. 17. [FEDERAL CHANGES.]

The changes made by sections 7841, 7304(a), 7817, 7110, 7815, 7816, 7811(d) of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and sections 202, 203, and 204 of Public Law Number 101-140 that affect the computation of gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, the credit for research and experimental expenditures as defined in Minnesota Statutes, section 290.068, subdivision 2, the credit for state death taxes allowable as defined in Minnesota Statutes, section 291.03, subdivision 1, and the federal alternative minimum taxable income as defined in Minnesota Statutes, section 290.091, subdivision 2, shall be in effect at the same time they become effective for federal income and estate tax purposes.

Sec. 18. [SEVERABILITY; INSURANCE TAXATION.]

(a) If the provision of Minnesota Statutes, section 60A.15, subdivision 1, enacted in section 1, providing a reduced insurance premiums tax rate to mutual insurance companies is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that section 1 be invalid and the otherwise applicable insurance premiums tax rates apply.

(b) If the provision of Minnesota Statutes, section 290.05, subdivision 1, clause (d), enacted in section 3, exempting a mutual insurance company from taxation under the corporate franchise tax is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the corporate franchise tax to other insurance companies, the legislature intends that the exemption enacted in section 3 be invalid and the corporate franchise tax apply.

Sec. 19. [ESTIMATED TAXES; EXCEPTION.]

For taxable years beginning after December 31, 1989, but before January 1, 1991, the commissioner of revenue may not assess any additions to tax that are the result of a corporation's failure to make sufficient estimated tax payments due to the changes in this article.

Sec. 20. [SMALL BUSINESS TAX STUDY.]

The department of revenue shall conduct a study of the state and local tax burden in relation to ability to pay for businesses with combined Minnesota property, payroll, and sales of less than $5,000,000 per year. The study shall present the state and local tax burden, net of federal income tax considerations, for representative businesses of various sizes, legal structures, and levels of profitability. The study shall relate tax burden to such measures of ability to pay as taxable income, economic income, assets, and sales. The study shall be submitted to the chairpersons of the tax committee of the house of representatives and senate by December 1, 1990.

Sec. 21. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1a, is repealed.

Sec. 22. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1989. The provisions of section 12 are effective for taxable years beginning after December 31, 1990 for insurance companies domiciled in a state that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees. Section 14 is effective the day following final enactment. The remainder of this article is effective for taxable years beginning after December 31, 1989, except as otherwise provided.

ARTICLE 3

PROPERTY TAXES

Section 1. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. [FINANCIAL ASSISTANCE.] The board may award grants to counties only to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants

may be used to employ persons and to obtain and use information necessary to:

(1) develop comprehensive local water plans under section 110B.04 that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a); and

(2) implement comprehensive local water plans.

A base grant shall be awarded to a county that levies a tax at the rate established under section 275.50, subdivision 5, paragraph (z), in an amount equal to $37,500 less the amount raised by that levy. If the amount necessary to implement the local water plan for the county is less than $37,500, the amount of the base grant shall be the amount that, when added to the levy amount, equals the amount required to implement the plan.

Sec. 2. Minnesota Statutes 1989 Supplement, section 103B.3369, subdivision 7, is amended to read:

Subd. 7. [RULES.] The board shall adopt rules that:

(1) establish performance criteria for grant administration for local implementation of state delegated or mandated programs that recognize regional variations in program needs and priorities;

(2) recognize the unique nature of state delegated or mandated programs;

(3) specify that program activities contracted by a county to another local unit of government are eligible for funding; *and*

(4) ~~require that grants from the board may not exceed the amount matched by participating local units of government; and~~

~~(5)~~ specify a process for the board to establish a base level grant amount that all participating counties may be eligible to receive.

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.10, subdivision 2, is amended to read:

Subd. 2. ~~The county auditor shall at the time of making the March and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund.~~ *The county auditor each year shall apportion to the school districts within the county the amount received from powerline taxes under section 273.42, liquor licenses, fines, estrays, and other sources belonging to the general fund.* The ~~apportionment~~ *apportionments* shall be made in proportion to each district's net tax capacity within the county in the prior year. *The apportionments shall be made and amounts distributed to the school districts at the times provided for the settlement and distribution of real and personal property taxes under sections 276.09, 276.11, and 276.111, except that all of the power line taxes apportioned to a school district from the county school fund shall be included in the first half distribution of property taxes to the school district.* No district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund.

Sec. 4. Minnesota Statutes 1988, section 124.195, subdivision 7, is amended to read:

Subd. 7. [PAYMENTS TO SCHOOL NONOPERATING FUNDS.] Each fiscal year state general fund payments for a district nonoperating fund shall be made at 85 percent of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. This amount shall be paid in 12 equal monthly installments. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid prior to October 31 of the following school year. *The commissioner may make advance payments of homestead and agricultural credit aid for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.*

Sec. 5. [134.342] [ALLOCATION OF LEVY AUTHORITY.]

Subdivision 1. [AUTHORITY.] *A regional public library system board may adopt a written resolution to assume responsibility for the allocation of the regional library system levy authority throughout the region. If adopted, the board shall furnish a list to the commissioners of revenue and education by July 1 of the levy year, containing the name of each member city, town, and county that will be participating in that regional system.*

Subd. 2. [DETERMINATION OF LEVY LIMITATION.] *The levy limitation for a regional library system is equal to the sum of the total maximum amount allowable for operating regional library services for all member cities, towns, and counties within the region subject to the levy limitation under section 275.50, subdivision 5, clause (o). If a member city or town of a regional library system is not subject to the levy limitations under sections 275.50 to 275.56, the commissioner of revenue shall determine a levy limitation for the purposes of this section as if the member were subject to the provisions of section 275.50, subdivision 5, clause (o). The commissioner of revenue shall determine the total maximum amount allowable for the regional library system and shall certify the total amount to the regional library board and to the commissioner of education by August 1 of the levy year.*

Subd. 3. [ALLOCATION OF AUTHORITY.] *A regional public library system board that has resolved to allocate library levy authority among its member cities, towns, and counties shall allocate the amount, up to the total amount certified to the board by the commissioner of revenue, and shall notify each member city, town, and county by August 15 of the levy year of its respective share of the total library levy for the region. Each member city, town, or county located in the region shall levy the amount negotiated and agreed upon by the board and each member city, town, or county.*

The board shall certify to the commissioners of revenue and education by September 1 of the levy year, the levy amount allocated to each member city, town, and county in the regional library system.

Subd. 4. [NON-ALLOCATED REGIONAL LIBRARY LEVY LIMITATION.] *A city, town, or county located within a regional library system that does not allocate library levy authority under subdivisions 1 to 3 but is subject to the levy limitations under sections 275.50 to 275.56, shall levy according to section 275.50, subdivision 5, clause (o), to pay the*

operating costs of a regional library system.

Sec. 6. Minnesota Statutes 1988, section 169.86, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION FOR PERMIT.] The commissioner, with respect to highways under the commissioner's jurisdiction, and local authorities, with respect to highways under their jurisdiction, may, in their discretion, upon application in writing and good cause being shown therefor, issue a special permit, in writing, authorizing the applicant to move a vehicle or combination of vehicles of a size or weight of vehicle or load exceeding the maximum specified in this chapter, or otherwise not in conformity with the provisions of this chapter, upon any highway under the jurisdiction of the party granting such permit and for the maintenance of which such party is responsible.

Permits relating to over-width, over-length manufactured homes shall not be issued to persons other than manufactured home dealers or manufacturers for movement of new units owned by the manufactured home dealer or manufacturer, until the person has presented a statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid. Upon payment of the most recent single year delinquent personal property or current year taxes only, the county auditor or treasurer must issue a taxes paid statement to a manufactured home dealer or a financial institution desiring to relocate a manufactured home that has been repossessed. This statement must be dated within 30 days of the contemplated move. The statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid, may be made by telephone. If the statement is obtained by telephone, the permit shall contain the date and time of the telephone call and the names of the persons in the auditor's office and treasurer's office who verified that all personal and real property taxes had been paid.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] *(a)* Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to December 20 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by December 20, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before August 1 of the year is exempt for that assessment year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 273.064, is amended to read:

273.064 [EXAMINATION OF LOCAL ASSESSOR'S WORK; COMPLETION OF ASSESSMENTS.]

The county assessor shall examine the assessment appraisal records of each local assessor anytime after ~~January 15~~ *December 1* of each year and shall immediately give notice in writing to the governing body of said district of any deficiencies in the assessment procedures with respect to the quantity of or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor not later than 30 days thereafter. If, upon reexamination of such records at that time, the deficiencies noted in the written notice previously given have not been substantially corrected to the end that a timely and uniform assessment of all real property in the county will be attained, then the county assessor with the approval of the county board shall collect the necessary records from the local assessor and complete the assessment or employ others to complete the assessment. When the county assessor has completed the assessments, the local assessor shall thereafter resume the assessment function within the district. In this circumstance the cost of completing the assessment shall be charged against the assessment district involved. The county auditor shall certify the costs thus incurred to the appropriate governing body not later than August 1 and if unpaid as of September 1 of the assessment year, the county auditor shall levy a tax upon the taxable property of said assessment district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

Sec. 9. Minnesota Statutes 1989 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under $100 is rounded up to $100 and any amount exceeding $100 shall be rounded to the nearest $100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. *The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property.* In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the net tax capacity of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold

estate in such property, or at some lesser value than its market value.

Sec. 10. Minnesota Statutes 1989 Supplement, section 273.112, subdivision 3, is amended to read:

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

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

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

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

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

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

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

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

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

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

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

Sec. 11. Minnesota Statutes 1989 Supplement, section 273.119, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the ~~times~~ *time* provided in section ~~477A.015~~ *473H.10, subdivision 3*, for payment ~~of local government aid~~ to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 273.123, subdivision 4, is amended to read:

Subd. 4. [STATE REIMBURSEMENT.] The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 gross tax capacity and the tax actually payable based on the reassessed gross tax capacity determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions, other than school districts, containing the property at the time distributions are made under section ~~477A.015~~ *473H.10, subdivision 3*, in the same proportion that the ad valorem tax is distributed.

Sec. 13. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 3a. [MANUFACTURED HOME PARK COOPERATIVE.] *When a manufactured home park is owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for each lot occupied by a shareholder. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land for each homestead. The manufactured home park shall be valued and assessed as if it were homestead property within class 1 if all of the following criteria are met:*

(1) the occupant is using the property as a permanent residence;

(2) the occupant or the cooperative association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation; and

(3) the corporation or association organized under chapter 308A is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to member residents of the manufactured home park who hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

Sec. 14. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 15. [RESIDENCE OF DISABLED CHILD OF OWNER.] *The principal residence of an individual who has a permanent disability as defined in section 290A.03, subdivision 10, shall be classified as a homestead if the residence is wholly owned by a parent or both parents of the individual. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the information necessary for the assessor to determine whether homestead classification under this subdivision is warranted.*

Sec. 15. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 16. [HOMESTEAD ACQUIRED UNDER EMINENT DOMAIN.] *If a home classified as a homestead under section 273.13, subdivision 22, is acquired from the owner under eminent domain proceedings, a home purchased by the owner for use as a homestead within six months of the date of acquisition under eminent domain must be classified by the assessor as class 1 homestead property under section 273.13, subdivision 22, for taxes payable in the following year, notwithstanding the provisions of subdivision 9. The homeowner must apply to the assessor for classification under this subdivision within 30 days of the purchase of the home. The homeowner must provide the assessor with the information necessary for the assessor to determine that the property qualifies for homestead under this subdivision. The assessor may require the homeowner to submit an affidavit.*

Sec. 16. Minnesota Statutes Second 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 class rate of one percent of its market value and a gross 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~~ *$110,000* has a class rate of two percent of its market value. The market value of class 1a property that exceeds ~~$100,000~~ *$110,000* has a class rate of three 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 class rate of ~~.4~~ *.45* percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net 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 lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 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. *For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy.* Class 1c property has a class rate of .4 percent of the first $32,000 of market value for taxes payable in 1990, .6 percent of the first $32,000 of market value for taxes payable in 1991, .8 percent of the first $32,000 of market value for taxes payable in 1992, and one percent of market value in excess of $32,000 for taxes payable in 1990, 1991, and 1992, and one percent of total market value for taxes payable in 1993 and thereafter 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.

Sec. 17. Minnesota Statutes Second 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 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 ~~$100,000~~ *$110,000*, the value of the remaining land including improvements equal to the difference between ~~$100,000~~ *$110,000* and the market value of the house, garage, and surrounding one acre of land has a net class rate of ~~.4~~ *.45* percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over ~~$100,000~~ *$110,000* of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value for taxes payable in 1990~~, 1.4 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 class rate of 2.25 percent of market value. The remaining property over the ~~$100,000~~ *$110,000* market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, *and* 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 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 class rate of 1.7 percent of market value for taxes payable in 1990, *and* 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 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. *"Agricultural purposes" as used in this section means the raising or cultivation of agricultural products, and includes the commercial boarding of horses if the commercial boarding of horses is done in conjunction with the raising or cultivation of agricultural products.*

(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. 18. Minnesota Statutes Second 1989 Supplement, 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 class rate of 3.3 percent of the first $100,000 of market value for taxes payable in 1990, 3.2 percent for taxes payable in 1991, 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over $100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $100,000 of market value.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of ~~2.4~~ *2.3* percent of the first $50,000 of market value and 3.6 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 class rate of the first $100,000 of market value and the class rate of the remainder is 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. 19. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 25, as amended by Laws 1990, chapter 480, article 7, section 7, 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 class rate of 3.6 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(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)~~ *(3)* a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value.

(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, 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 the class rate given in paragraph (b) if the structure contains fewer than four units, and 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 225 days in the year preceding the year of assessment. For ~~this purpose~~ *purposes of this clause*, property is devoted to *a* commercial ~~use~~ *purpose* on a specific day if ~~it~~ *any portion of the property* is used, or ~~offered~~ *available* for use *for residential occupancy*, and a fee is charged for ~~the use~~ *residential occupancy*. 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 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 this clause ~~and clause (6)~~ also includes the

remainder of class 1c resorts; ~~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, 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~~

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of ~~2.4~~ *2.3* percent of market value, *except that manufactured home park property under clause (8) has a class rate of 3 percent of market value for taxes payable in 1991 and 2.3 percent of market value for taxes payable in 1992, and thereafter.*

(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 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 class rate of 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), clause (1), (2), (3), or (4), 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. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at ~~2.4~~ *2.3* percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 20. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them ~~and the credit reimbursements~~ to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. *The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3.* Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall homestead and agricultural credit aid be payable on the part of a levy to which homestead and agricultural credit aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.

Sec. 21. Minnesota Statutes Second 1989 Supplement, section 273.371, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] Every electric light, power, gas, water, express, stage, and transportation company and pipeline doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, and 273.37. *If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available.*

Sec. 22. Minnesota Statutes 1988, section 273.42, subdivision 1, is amended to read:

Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines

of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average *tax capacity* rate of taxes levied for all purposes throughout the county *after disparity reduction aid is applied,* and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 116C.52, the construction of which was commenced after July 1, 1974 and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and ten percent to a utility property tax credit fund, which is hereby established.

Sec. 23. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] Notwithstanding any law or charter to the contrary, on or before September 1, each taxing authority, other than a school district, shall adopt a proposed budget and each taxing authority shall certify to the county auditor the proposed *or, in the case of a town, the final* property tax levy for taxes payable in the following year. *If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 1, the city shall be deemed to have certified its levies for those taxing jurisdictions.* For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns ~~with a population over 5,000~~, counties, school districts, and special taxing districts. *The commissioner of revenue shall determine what constitutes a special taxing district for purposes of this section. Intermediate school districts that levy a tax under chapter 136D, joint powers boards established under sections 124.491 to 124.496, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.*

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes *and, in the case of a town, final property taxes.*

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority *other than a town* proposes to collect for taxes payable the following year as required in paragraph (d) or (e) *and, for a town, the amount of its final levy.* It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and *proposed or final* property tax levy, or, in case of a school district, on the proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received

by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) Except as provided in paragraph (e), *for taxes levied in 1990 and 1991*, the notice must state by county, city or town, and school district:

(1) the total proposed *or, for a town, final* property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, ~~as determined by the state demographer,~~ and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. *The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.*

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, *and for all counties for taxes levied in 1992 and thereafter,* the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed *or, for a town, final* net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed *or, for a town, final* taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed *or final* taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 25. Minnesota Statutes 1988, section 275.065, is amended by adding a subdivision to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] *(a) A city, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or in the case of a school district, a property tax levy, at a public hearing. The notice must be published not less than two days nor more than six days before the hearing.*

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point. The text of the advertisement must be no smaller than 18-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district must not include references to budget hearings or to adoption of a budget:

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District) of . . . . . .

The governing body of . . . . . will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided in 199-/school district services that will be provided in 199- and 199-).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199- if the budget now being considered is approved.

199-	*Proposed 199-*	*199- Increase*
Property Taxes	*Property Taxes*	*or Decrease*
$	$	. . . . . %

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address)."

Sec. 26. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.]

Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The ~~adopted~~ property tax levy *certified under section 275.07 by a city, county, or school district* must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a; ~~and~~

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a*; and*

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The ~~commissioner of revenue~~ *county auditor* shall provide for the coordination of hearing dates ~~so that a taxing authority does not schedule public meetings on the days scheduled for the hearing by another taxing authority~~ *for all taxing authorities within the county.*

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in

which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

This subdivision does not apply to towns and special taxing districts.

Sec. 27. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, ~~towns,~~ counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. *A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before five working days after December 20.* The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1, *except for the equalization levies defined in section 273.1398, subdivision 2a, paragraph (a),* by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a, and equalization aid certified by section 477A.013, subdivision 5. If a local government's homestead and agricultural credit aid was further allocated between portions of its levy pursuant to section 273.1398, subdivision 2, paragraph (b)(2), the levy or fund to which the homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.

Sec. 29. Minnesota Statutes 1988, section 275.125, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF LEVY LIMITATIONS.] *By August 15, the commissioner shall notify the school districts of their levy limits.* The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to subdivision 15 as well as adjustments to final pupil unit counts.

A school district ~~shall have the right to~~ *may* require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over ~~not to exceed~~ two calendar years.

Sec. 30. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in ~~1989~~ *1990* payable in ~~1990~~ *1991* and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(g) pay amounts required to correct for an error of omission in the levy

certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under

section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. *This limit may be redistributed according to the provisions of section 134.342.* In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; ~~and~~.

If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference

between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991;

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3)~~.~~;

(w) pay the unreimbursed costs of per diem jail or correctional facilities services paid by the county in the previous 12-month period ending on July 1 of the current year provided that the county is operating under a department of corrections directive that limits the capacity of a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);

(x) for taxes levied in 1990 and 1991, payable in 1991 and 1992 only, pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(y) for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1989 and 1990 for the purpose of grasshopper control; and, for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control;

(z) for a county, provide an amount needed to fund comprehensive local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.

A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales ratio study. That rate shall be the rate, rounded up to the nearest one-thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises $1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises $1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5;

(aa) pay the unreimbursed county costs for court-ordered family-based services and court-ordered out-of-home placement for children to the extent that the county can demonstrate to the commissioner of revenue that the

estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.

If the county uses this special levy and the county levied an amount in the previous levy year for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:

(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section 275.51, subdivision 3f when determining the current year levy limitation.

(ii) The amount levied in the previous levy year for the purposes specified under clause (a) or clause (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and

(bb) pay the amounts allowed as special levies under Laws 1989, First Special Session chapter 1, article 5, section 50, and this act.

~~If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.~~

Sec. 31. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1989 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) three percent for taxes levied in 1989 and subsequent years;

(b) a percentage equal to (1) one-half of the greater of the percentage increases in population or in number of households, if any, for cities and towns and (2) the lesser of the percentage increase in population or the number of households, if any, for counties, using figures derived pursuant to subdivision 6;

(c) the amount of a permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year under section 275.58, subdivisions 1 and 2;

(d) for levy year 1989, for a county which incurred costs since October 1978, for the litigation of federal land claims under United States Code, title 18, section 1162; United States Code, title 25, section 331; and United

States Code, title 28, section 1360; an amount of up to the actual costs incurred by the county for this purpose. This adjustment shall not exceed $250,000;

(e) for levy year 1989, an amount of $1,724,000 for Ramsey county for implementing the local government pay equity act under sections 471.991 to 471.999. Furthermore, in levy years 1990 and 1991, an additional amount of $862,000 shall be added to Ramsey county's adjusted levy limit base under this clause for each of the two years; and

(f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of the powerline taxes extended between taxes payable years 1988 and 1989 under section 273.42, subdivision 1. The adjustment shall be determined by the department of revenue.

For taxes levied in 1989, the adjusted levy limit base is reduced by an amount equal to the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990.

For taxes levied in 1990, the adjusted levy limit base of a city is reduced by an amount equal to the percent of the city's revenue base used in determining aid reductions under section 477A.013, subdivision 7. For taxes levied in 1990, the adjusted levy limit base of a county is reduced by one-half of the amount equal to the percent of the county's revenue base used in determining aid reductions under section 477A.012, subdivision 5.

Sec. 32. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 4, is amended to read:

Subd. 4. If the levy made by a governmental subdivision exceeds the limitation provided in sections 275.50 to 275.56, except when such excess levy is due to the rounding of the tax capacity rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to sections 477A.011 to 477A.014, or homestead and agricultural credit aid under section 273.1398, *or taconite aids under sections 298.28 and 298.282* shall be reduced 33 cents for each full dollar the levy exceeds the limitation. *If a penalty under this subdivision or section 275.55, subdivision 1, is assessed against taconite aids, then the amount of the penalty must be distributed as provided in section 298.28, subdivision 11, paragraph (a).*

Sec. 33. Minnesota Statutes 1988, section 275.55, is amended to read:

275.55 [STATE REVIEW AND REGULATION OF LEVIES.]

Subdivision 1. [REVIEW; PENALTIES FOR VIOLATIONS.] The commissioner of revenue, or designees, shall establish procedures by which levies of all governmental units shall be periodically reviewed. The commissioner shall be empowered to order withholding of state aids where such penalties are authorized by law, to issue, in accordance with chapter 14, rulings interpreting sections 275.50 to 275.56, and to take such other administrative actions as the commissioner deems necessary in order to carry out the provisions of sections 275.50 to 275.56. If the commissioner of revenue takes administrative action or any other action authorized by this section to enforce the provisions of sections 275.50 to 275.56, the commissioner shall give written notice of such action to the governmental

subdivision affected. Such notice shall specify the actual or impending violations by the governmental subdivision of sections 275.50 to 275.56 or the rules of the department of revenue pertaining thereto, describe the corrective action required, including, in the case of an excess levy, reduction of the governmental subdivision's levy in the next succeeding levy year in an amount equal to the amount of the excess levy, set a reasonable period of time within which the governmental subdivision shall correct the specified actual or impending violations and caution the governmental subdivision that if the specified correction is not made within the time allowed, the state aids to the governmental subdivision pursuant to sections 477A.011 to 477A.014, *or homestead and agricultural credit aid pursuant to section 273.1398, or taconite aids pursuant to sections 298.28* and 298.282, as amended, will be reduced as provided in section 275.51, subdivision 4. The time period first allowed for correction may be extended by the commissioner if there is a reasonable basis for delay. County auditors, in addition to duties otherwise provided by law, shall cooperate with the commissioner in establishing such procedures and enforcing the provisions of sections 275.50 to 275.56.

Subd. 2. [EXCESS LEVIES FOR 1992.] *Notwithstanding the provisions of subdivision 1, for a home rule charter city, statutory city, or town that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the city or town in 1992. Notwithstanding the provisions of subdivision 1, for a county that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the county in 1992. The amount of the penalty imposed on the county, city, or town and the state aids affected shall be as determined under section 275.51, subdivision 4.*

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must

contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total tax capacity rate and adding to the result the sum of the aids enumerated in clause (3);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total tax capacity rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10; and

(6) the net tax payable in the manner required in paragraph (a).

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, ~~or a county that has adopted the provisions of Laws 1989, First Special Session chapter 1, article 9, section 81,~~ *for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter,* the commissioner must certify this amount by September 1.

~~(d) For taxes payable in 1990, the commissioner shall prescribe language notifying taxpayers that state aid dollars were transferred from the city or town to the school district. The language must notify taxpayers that the transfer results in an increase in city or town taxes and a decrease in school taxes that is unrelated to spending decisions of the city or town and school district. The commissioner may prescribe that the amount of the transfer be stated. The commissioner may provide that the statement required under this clause be included as a separate enclosure.~~

Sec. 35. Minnesota Statutes 1989 Supplement, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for use in determining education aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect

the difference in the date of sale compared to the assessment date. The department of revenue sales ratio study shall be prima facie evidence of the level of assessment. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date,

(c) there is an adequate sample size, and

(d) the median ratio of the same classification of property in the same county, city, or town as the subject property is lower than 90 percent, except that in the case of a county containing a city of the first class, the median ratio for the county shall be the ratio determined excluding sales from the first class city within the county.

If a reduction in value on the grounds of discrimination is granted based on the above criteria, the reduction shall equal the difference between ~~90 percent~~ *(1) the ratio for the petitioner's property less five percentage points* and *(2)* the median ratio determined by the court. *In order to receive relief on the basis of discrimination, the petitioner must establish the ratio of the assessor's estimated market value to the actual fair market value for the property.*

Sec. 36. Minnesota Statutes 1988, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is ~~two~~ *three* years from the date of sale. The period of redemption for ~~other~~ *all* lands *located* in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, *except homesteaded lands as defined in section 273.13, subdivision 22,* and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 37. Minnesota Statutes 1989 Supplement, 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~~ *in which the* parcels lie as conservation or nonconservation. ~~Such~~ *In making the* classification ~~shall be made with consideration, among other things, to~~ *the board shall consider* 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~~ *The* classification, furthermore, ~~shall aid: to~~ *must* 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~~ *to them*.

In making ~~such~~ *the* 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 *pertinent* information ~~pertinent thereto~~ at the time ~~such~~ *the* classification is made. ~~Such~~ *The* lands may be reclassified from time to time as the county board may ~~deem~~ *consider* necessary or desirable, except ~~as to~~ *for* conservation lands held by the state free from any trust in favor of any taxing district.

If ~~any such~~ *the* lands are located within the boundaries of ~~any~~ *an* organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale ~~shall~~ *must* first be approved by the town board of ~~such~~ *the* town or the governing body of ~~such~~ *the* municipality ~~insofar as~~ *in which* the lands *are* located ~~therein are concerned~~. The town board of the town or the governing body of the municipality ~~will be deemed~~ *is considered* 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,~~ *must* file a written application with the county board to withhold the parcel from public sale. *The application must be filed within 90 days of the request for classification or reclassification and sale.* The county board shall then withhold the parcel from public sale for one year.

Subd. 1a. [CONVEYANCE; GENERALLY.] ~~Any~~ Tax-forfeited lands may be sold by the county board to ~~any~~ *an* organized or incorporated governmental subdivision of the state for any public purpose for which ~~such~~ *the* subdivision is authorized to acquire property or may be released from the

trust in favor of the taxing districts ~~upon~~ *on* application of ~~any~~ *a* state agency for ~~any~~ *an* authorized use at not less than their value as determined by the county board. The commissioner of revenue may convey by deed in the name of the state ~~any~~ *a* tract of tax-forfeited land held in trust in favor of the taxing districts~~,~~ to ~~any~~ *a* governmental subdivision for ~~any~~ *an* authorized public use, ~~provided that~~ *if* an application is submitted to the commissioner ~~with~~ *which includes* a statement of facts as to the use to be made of the tract and the need therefor and the recommendation of the county board.

Subd. 1b. [CONVEYANCE; TARGETED NEIGHBORHOOD LANDS.] *(a) Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, outside the metropolitan area, as defined in section 473.121, subdivision 2,* the commissioner of revenue ~~shall~~ *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 a political subdivision that submits an application to the commissioner of revenue and *the recommendation of* the county board.

(b) Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, in a county in the metropolitan area, as defined in section 473.121, subdivision 2, 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.

(c) The application *under paragraph (a) or (b)* must include *a statement of facts as to the use to be made of the tract, the need therefor, and* 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.

Subd. 1c. [DEED OF CONVEYANCE.] The deed of conveyance ~~shall~~ *must* be ~~upon~~ *on* a form approved by the attorney general and ~~shall~~ *must* be conditioned ~~upon~~ *on* continued use for the purpose stated in the application~~, provided, however, that~~. If, *however,* the governing body of ~~such~~ *the* governmental subdivision by resolution determines that some other public use ~~shall~~ *should* be made of ~~such~~ *the* lands, and ~~such~~ *the* 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~~ *the* 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~~ *the* new public use.

Subd. 1d. [FAILURE TO USE; CONVEYANCE TO STATE.] ~~Whenever any~~ *When a* governmental subdivision to which ~~any~~ tax-forfeited land has been conveyed for a specified public use as provided in this section ~~shall fail~~ *fails* to put ~~such~~ *the* land to ~~such~~ *that* use, or to some other authorized public use as provided ~~herein~~ *in this section*, or ~~shall abandon such~~ *abandons that* use, the governing body of the subdivision shall authorize the proper officers to convey the ~~same~~ *land*, or ~~such portion thereof~~ *the part of the land* not required for an authorized public use, to the state of Minnesota~~, and such~~. *The* officers shall execute a deed of ~~such~~ conveyance ~~forthwith, which~~ *immediately. The* conveyance ~~shall be~~ *is* subject to the approval of the commissioner and ~~in~~ *its* form *must be* approved by the

attorney general~~, provided, however, that~~. A sale, lease, transfer, or other conveyance of ~~such~~ *tax-forfeited* lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by chapter 469 ~~shall not be~~ *is not* an abandonment of ~~such~~ use and ~~such~~ *the* 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 chapter 469 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 *1e* will then terminate. No vote of the people ~~shall be~~ *is* required for ~~such~~ *the* conveyance.

Subd. 1e. [REVERSION.] ~~In case any such~~ *If the tax-forfeited* land ~~shall~~ *is* not ~~be so~~ conveyed to the state *in accordance with subdivision 1d*, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the ~~same~~ *land* to have reverted to the state, and shall serve a notice ~~thereof~~ *of reversion*, 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~~ *the* use *specified* or from the date of abandonment of ~~such~~ *that* use if ~~such~~ *the* lands have been put to ~~such~~ *that* 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~~ *of the notice of appeal* 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 *in this subdivision*, the declaration of reversion ~~shall be~~ *is* 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.

Subd. 1f. [EXCHANGE.] ~~Any~~ *A* city of the first class ~~now or hereafter having~~ *with* 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~~ *under* this section, may convey ~~said~~ *the* land in exchange for other land of substantially equal worth located in ~~said~~ *the* city ~~of the first class~~~~, provided that~~. The land conveyed to ~~said~~ *the* 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~~ *is* subject to the public use and reversionary provisions of this section~~;~~. The tax-forfeited land so conveyed ~~shall~~ *is* thereafter ~~be~~ free ~~and discharged~~ from the public use and reversionary provisions of this section~~, provided that said~~. *The* exchange shall in no way affect the ~~mineral or~~ mineral rights of the state of Minnesota, if any, in the lands ~~so~~ exchanged.

Sec. 38. Minnesota Statutes 1989 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. ~~Notwithstanding section 270.07,~~ Upon written application by the owner of the property, ~~if the application seeks a reduction in estimated~~

~~market value not in excess of $10,000,~~ the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. *The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12.* The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. ~~The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 are in addition to the method provided in section 270.07.~~ *No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed $10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.*

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

Sec. 39. Minnesota Statutes 1989 Supplement, section 462.396, subdivision 2, is amended to read:

Subd. 2. On or before August 20 each year, the commission shall submit its proposed budget for the ensuing calendar year showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and municipal clerk within the region and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1 each year, the commission shall adopt, after a public hearing held not later than September 20, a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the commission shall certify to the auditor of each county within the region the county share of the tax, which shall be an amount bearing the same proportion to the total levy agreed on by the commission as the net tax capacity of the county bears to the net tax capacity of the region. *For taxes levied in 1990 and thereafter,* the maximum ~~amount~~ *amounts* of ~~any levy~~ *levies* made for the purposes of sections 462.381 to 462.398 ~~shall not exceed 0.00403 percent of market value on all taxable property in the region.~~ *are the following amounts, less the sum of regional planning grants from the state planning agency to that region: for Region 1, $180,337; for Region 2, $150,000; for Region 3, $353,110; for Region 5, $195,865; for Region 6E, $197,177; for Region 6W, $150,000; for*

Region 7E, $158,653; for Region 8, $206,107; for Region 9, $343,572. The auditor of each county in the region shall add the amount of any levy made by the commission within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the commission in the same manner as other taxes are distributed to political subdivisions.

Sec. 40. Minnesota Statutes 1988, section 469.059, subdivision 11, is amended to read:

Subd. 11. [PROCEDURE.] Tax-forfeited lands in an industrial development district that are vested in the state shall be conveyed to the port authority that is developing the district for one dollar per tract. The port authority may use and later resell the land for purposes of sections 469.048 to 469.068.

In conveying tax-forfeited land to a port authority, the state may not retain a possibility of reverter or right of reentry as it does under section 282.01, subdivision ~~1~~ *1e*.

The commissioner of revenue shall convey tax-forfeited parcels in an industrial development district to the port authority, if the authority petitions for conveyance under sections 469.048 to 469.068 and pays one dollar per tract.

The attorney general shall approve the form of the deed of conveyance. The port authority shall receive absolute title to the tract, subject only to a reservation of minerals and mineral rights, under section 282.12. The deed of conveyance must not contain a restriction on the use of the premises. The conveyance divests the state of all further right, title, claim or interest in the tracts, except for the reservation of minerals and mineral rights.

Sec. 41. Minnesota Statutes Second 1989 Supplement, section 469.171, subdivision 7a, is amended to read:

Subd. 7a. [PROPERTY TAX CREDIT; APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue the amounts required to reimburse taxing jurisdictions for the revenue lost due to the property tax credit provided in subdivision 1, clause (4). Payment shall be made to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Payment shall be made to taxing jurisdictions, other than school districts, at the ~~times~~ *time* provided in section ~~477A.015~~ *473H.10, subdivision 3*.

Sec. 42. Minnesota Statutes Second 1989 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the gross tax capacity of those properties by applying the appropriate classification percentages. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the gross tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times 105 percent of the previous year's statewide average tax capacity rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. ~~Payments~~ *Payment* shall be made by the state ~~at the times provided in section 477A.015~~ *on December 15* to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 43. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 6, is amended to read:

Subd. 6. [AID ADJUSTMENT.] For calendar year 1990, there shall be an amount equal to 3.4 percent of the town's or city's adjusted net tax capacity computed using the net class rates for taxes payable in 1990 and equalized market values as defined in section 273.1398, subtracted from the aid amounts computed under subdivision 1, in the case of towns, and under subdivisions 3 and 5 in the case of cities. For cities, the subtraction will be made first from the aid computed under subdivision 3. If the subtraction amount under this section is greater than the aid amount computed under subdivision 3, the remaining amount will be subtracted from the aid computed under subdivision 5. The resulting amounts shall be the town's local government aid or the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city or town cannot be less than zero. If the subtraction amount under this section is greater than the amount for any town or city computed under subdivisions 1, 3, and 5, the remaining amount shall be subtracted from the town's or city's homestead and agricultural credit aid under section 273.1398, subdivision 2.

For purposes of this subdivision, "adjusted net tax capacity" means the city's total net tax capacity using the net class rates for taxes payable in

1990 and equalized market values as defined in section 273.1398, as adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district.

An increase in a city's property tax levy for taxes payable in 1990 attributable to the amount deducted from the city's aids under this subdivision is exempt from the city's per capita levy limit under section 275.11 ~~and~~, from the city's percentage of market value levy limit under section 412.251 or 426.04, *and from any limitation on levies under a city charter.*

Sec. 44. Laws 1989, chapter 326, article 3, section 49, is amended to read:

Sec. 49. [EFFECTIVE DATE.]

Section 9 is effective July 1, 1989, but a well notification is not required to be filed with the commissioner for construction of a well until after December 31, 1989.

Section 14 relating to disclosing wells to buyers and transferees is effective July 1, 1990, *on lands other than tax-forfeited lands, and is effective July 1, 1991, on tax-forfeited lands.*

~~Section,~~ *Sections* 31, 32, and 33 are effective July 1, 1990, and limited well contractor licenses and limited well sealing licenses may not be issued until after that date.

Sections 24 and 33 relating to permits required for elevator shafts and elevator shaft contractor licenses are effective July 1, 1990.

Sec. 45. Laws 1989, chapter 353, section 13, is amended to read:

Sec. 13. [EFFECTIVE DATE.]

This act is effective July 1, 1989. Sections 6 and 9 apply to state land and tax-forfeited land sold after March 15, ~~1990~~ *1991.*

Sec. 46. [ASSESSMENT OF MANUFACTURED HOME PARKS.]

Subdivision 1. [LIMITED VALUATION INCREASE.] *(a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value must be entered equally in the next two succeeding assessment years.*

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section 274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.

Subd. 2. [NOTICE TO PROPERTY OWNER.] *(a) If an assessor has increased the estimated market value of property over that allowed in subdivision 1, the assessor must reduce the estimated market value to the*

amount allowed under subdivision 1.

(b) If an assessor has notified owners of property subject to subdivision 1 of an increase in estimated market value for taxes payable in 1991, the assessor must mail notice to the property owners by July 1, 1990. The notice must state that any increase in the estimated market value of manufactured home park land for taxes levied in 1990 over that for taxes levied in 1989 has been limited by this act.

Sec. 47. Laws 1989, First Special Session chapter 1, article 5, section 52, is amended to read:

Sec. 52. [EFFECTIVE DATE.]

Except as otherwise provided, sections 12 to 19, 27, 35, 45, and 47 are effective for taxes levied in 1989, payable in 1990 and subsequent years. Section 49 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only. Sections 1, 5, 6, 20, 31, 34, 41, 44, and 51 are effective for taxes levied ~~by cities and towns in 1991, payable in 1992 and thereafter, and for taxes levied by counties~~ in 1992, payable in 1993 and thereafter. Sections 2, 4, 7, 9 to 11, 21 to 26, 28 to 30, 32, 33, 36 to 40, 42, and 43 are effective for taxes levied in ~~1991~~ *1992*, payable in ~~1992~~ *1993*, and thereafter. Sections 3 and 8 are effective for taxes levied in 1992, payable in 1993 and thereafter. Section 50 is effective for taxes payable in 1989 and 1990 only.

Sec. 48. Laws 1990, chapter 480, article 8, section 18, is amended to read:

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 8, 10, and ~~14~~ *15* are effective for taxes levied in 1989, payable in 1990, and thereafter.

Sections 9, 11 to 13, ~~15~~ *14*, and 16 are effective January 1, 1991.

Section 17 is effective the day following final enactment.

Sec. 49. [CITY OF BAYPORT; LIBRARY LEVY.]

Subdivision 1. [LEVY AUTHORIZED.] *Notwithstanding the limit in Minnesota Statutes, section 275.50, subdivision 5, clause (o), for taxes levied in 1990, payable in 1991, the city of Bayport may levy $156,158 to pay operating costs of the city library. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56. For taxes levied in 1991 and thereafter, payable in 1992 and thereafter, the city may levy as a special levy the amount authorized under Minnesota Statutes, section 275.50, subdivision 5, clause (o). For purposes of determining the maximum levy increase under that section, the amount levied in 1990, payable in 1991, shall be the base amount.*

Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] *This section is effective the day after approval by the governing body of the city of Bayport and its compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Subd. 3. [REVERSE REFERENDUM.] *If the Bayport city council intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of*

general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 50. [GOODHUE COUNTY; HISTORICAL SOCIETY LEVY.]

Subdivision 1. [LEVY AUTHORIZED.] *For taxes levied in 1990 and 1991, payable in 1991 and 1992, Goodhue county may levy up to $225,000 each year on property in the county and use the proceeds of the levy for the county historical society. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.*

Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] *This section is effective the day after approval by the Goodhue county board and its compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Subd. 3. [REVERSE REFERENDUM.] *If the Goodhue county board intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.*

Sec. 51. [CITY OF WINDOM; HOSPITAL LEVY.]

Subdivision 1. [LEVY AUTHORIZED.] *For taxes levied in 1990 and 1991, payable in 1991 and 1992, the city of Windom may levy an amount up to $50,000 each year to meet the operating costs of the operating deficit of the municipal hospital. The annual amount levied under this section*

shall not exceed the amount needed to meet the cost of the operating deficit of the hospital. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] *This section is effective the day after approval by the governing body of the city of Windom and its compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Subd. 3. [REVERSE REFERENDUM.] *If the Windom city council intends to exercise the authority provided by this section in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.*

Sec. 52. [KOOCHICHING COUNTY; AMBULANCE SERVICE LEVY.]

For taxes levied in 1990, payable in 1991, and thereafter, Koochiching County may levy to pay the costs of ambulance service in a county subordinate service district under Minnesota Statutes, section 375B.09. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 53. [DOUGLAS COUNTY; SOLID WASTE MANAGEMENT LEVY.]

For taxes levied in 1990, payable in 1991, and thereafter, Douglas county may levy the amount necessary to pay the principal and interest on department of energy and economic development loans made to the Pope-Douglas solid waste board on June 10, 1985, and June 15, 1986, for solid waste management purposes. The levy must be made as provided under Minnesota Statutes, section 400.11.

This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

If the county utilizes this levy, and any part of the amount levied by the county in the previous levy year for the purposes specified under this section was included in the county's previous year's levy limitation computed under section 275.51, that amount must be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

The levy authority under this section expires when the principal and interest has been paid.

Sec. 54. [MILLE LACS COUNTY; SPECIAL LEVY.]

For taxes levied in 1990, payable in 1991 only, Mille Lacs county may levy an amount equal to the expenditures from reserve funds used in 1990 to pay social service costs. The county must provide evidence to the commissioner of revenue that expenditures from reserve funds were made for this purpose. This levy may not exceed $694,000. This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 55. [BECKER COUNTY; SPECIAL LEVY.]

For taxes levied in 1990, payable in 1991 only, Becker county may levy an amount equal to expenditures it made from reserve funds in calendar years 1987 and 1988. For purposes of this section, the reserves used in calendar year 1987 shall include money received under the federal revenue sharing program from previous years. This levy may not exceed $900,000. The county must provide evidence to the commissioner of revenue that it was eligible for a levy limit base adjustment for taxes levied in 1988 for use of reserve funds under Minnesota Statutes, section 275.51, subdivision 3j and did not receive the adjustment. This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 56. [GOODHUE COUNTY; SPECIAL LEVY.]

For taxes levied in 1990, payable in 1991 only, Goodhue county may levy an amount equal to the reduction to its levy limit base, for taxes levied in 1989, under Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, paragraph (i). This levy is not subject to the levy limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 57. [BONDS AUTHORIZED.]

Subdivision 1. The governing body of the city of Bemidji or Beltrami county may sell and issue general obligation bonds or revenue bonds of the city or the county, respectively, to finance the construction and betterment of an airport terminal and other air navigation facilities as defined in Minnesota Statutes, section 360.013, or of other related facilities, including hangars, repair shops and other buildings, and equipment needed for the storage, repair, reconstruction, and servicing of aircraft. The bonds may be issued by the city or the county on its own behalf with the consent of both parties, or with the consent of the other on behalf of both of them. The bonds must be issued, sold and secured in accordance with Minnesota Statutes, chapter 475, except as provided in subdivisions 2 and 3. The facilities to be financed by the bonds are a public convenience from which a revenue is derived, and are not indebtedness under chapter 475 or any city charter.

Subd. 2. The aggregate principal amount of all bonds issued by the city or the county under this section which are outstanding and undischarged at any time shall not exceed $400,000.

Subd. 3. If either the city or the county issues bonds on behalf of both of them, the entity not issuing the bonds may levy ad valorem taxes on all taxable property within its corporate limits to pay the principal of and interest on the bonds as agreed upon before their issuance, and may irrevocably appropriate the collections of the taxes to the sinking fund established by the issuing entity for the payment of the bonds. The entity issuing

the bonds may levy ad valorem taxes on all taxable property within its corporate limits for the years and in the amounts that, together with any taxes levied and appropriated by the nonissuing entity, will meet the requirements of Minnesota Statutes, section 475.61. Neither the taxes nor any additional taxes levied to eliminate any deficiencies in the collection thereof are subject to any limitation established by general or special law or charter as to rate or amount. The taxes may not be considered in determining the amount of any other taxes which may be levied subject to any such limitation.

Subd. 4. (a) After approval of a bond issue under subdivision 1 or the first approval of a tax levy to pay bond obligations under subdivision 3, the governing body of the city for a city action or the county for a county action shall publish notice of the action in its official publication. The bonds may be issued and sold or the tax levied without submitting the question to the voters, unless within 30 days after the date of publication a petition signed by qualified voters equal to five percent of the voters who voted in the last general election in the governmental subdivision is filed with the city or the county.

(b) If a petition is filed that meets the requirements of paragraph (a), the bonds may be issued or the tax levied upon obtaining the approval of a majority of the voters voting on the question at a special or regular election.

Sec. 58. [RAMSEY COUNTY; AUTHORIZATION FOR BONDS.]

Ramsey county may issue general obligation bonds in one or more series in an amount not to exceed $2,000,000, in the aggregate, to finance the restoration of the concourse of the St. Paul union depot as a facility for the arts and sciences, the proceeds of which may not be used for that purpose until $500,000 in operational funding has been committed by other sources. The bonds shall be issued pursuant to Minnesota Statutes, chapter 475, except that the bonds shall not be subject to its election requirements or debt limits. They shall not be subject to any other debt or tax levy limitations applicable to the county and shall not be considered in calculating amounts subject to any other debt or tax levy limitations. Levies by the county for debt servicing payment for the retirement of the bonds shall be exempt from and disregarded in the calculation of all tax levy limitations applicable to the county.

Sec. 59. [ROSEMOUNT; ARMORY LEVY.]

Subdivision 1. [ARMORY LEVY.] *The city of Rosemount in Dakota county may levy not more than $95,000 per year and otherwise incur debt obligations under Minnesota Statutes, chapter 193 or 475 or both, to acquire and better an armory and to be serviced by the levy without regard to the limits on debt service and debt otherwise provided by chapter 193 or 475. This levy amount shall be a special levy under Minnesota Statutes, section 275.50, subdivision 5, clause (d).*

Subd. 2. [REVERSE REFERENDUM.] *If the city council proposes to pay the obligation under subdivision 1, it shall pass a resolution stating that fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first*

publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to ten percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the county auditor, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to January 1, 1992.

Sec. 60. [JOINT POWERS LEVY; DRUG ENFORCEMENT.]

Notwithstanding Minnesota Statutes, sections 275.50 to 275.56, the cities of Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids may each levy for taxes levied in 1990, and thereafter, an amount up to $2 per capita to pay the costs incurred under a joint powers agreement for the salaries and benefits of peace officers whose primary responsibilities are to investigate controlled substance crimes under chapter 152 or to teach drug abuse resistance education curricula in schools.

Sec. 61. [DEBT SERVICE LEVY FOR CERTAIN CERTIFICATES OF INDEBTEDNESS.]

Subdivision 1. [LEVY.] *Notwithstanding Minnesota Statutes, section 475.754, if a city has issued certificates of indebtedness under that section during calendar year 1989 in an amount not exceeding $150,000 for the purpose of meeting the unanticipated cost of repairing a major structural defect in a building that was undergoing renovation for which other obligations had been issued previously, any levy to pay the debt service on those certificates shall be a special levy under Minnesota Statutes, section 275.50, subdivision 5, paragraph (c).*

Subd. 2. [REVERSE REFERENDUM.] *If the city intends to exercise the authority provided by subdivision 1 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special*

or general election before December 1, 1991.

Sec. 62. [HENNEPIN COUNTY; AUTHORITY TO TRANSFER LIGHT RAIL MONEY.]

Notwithstanding any law to the contrary, the Hennepin county regional railroad authority may transfer any available money of the authority, including money in capital accounts, to Hennepin county to be expended to meet social service costs during 1990. The authority under this section to transfer the regional railroad authority levy applies only during calendar year 1990.

Sec. 63. [1989 POPULATION AND HOUSEHOLD ESTIMATES USED IN 1991 AID AND LEVY CALCULATIONS.]

Subdivision 1. [NOTIFICATION OF ESTIMATES.] *Notwithstanding any other law, for estimates of population and number of households of local government subdivisions for 1989 only, under Minnesota Statutes, section 116K.04, subdivision 4, the estimates shall be communicated to the governing body of each subdivision by September 1, 1990.*

Subd. 2. [1991 AID AND LEVY CALCULATIONS.] *Notwithstanding any other law, for local government aids under Minnesota Statutes, section 273.1398 and chapter 477A and levy limit calculations under Minnesota Statutes, sections 275.51 to 275.56, for aids and levies payable in 1991 only, for local governmental subdivisions for which estimates of population and number of households for calendar year 1989 do not exist as of July 1, 1990, the following estimates of population and number of households will be used:*

(1) For calculation of homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, the household adjustment factor shall be equal to the number of households, for the most recently available estimate as of September 7, 1990, divided by the number of households from the year previous to the most recent estimate;

(2) For calculation of levy limits under Minnesota Statutes, section 275.51, the population or number of households shall be equal to the most recently available estimate of population or number of households as of July 1, 1990. If a more recent estimate of population or number of households becomes available by October 15, 1990, and use of this more recent estimate in the levy limit calculation would increase the levy limit for a governmental subdivision, the commissioner of revenue shall recompute and recertify this increased levy limit to the local government subdivision by October 22, 1990; and

(3) For calculation of local government aids under Minnesota Statutes, chapter 477A, the population and number of households means the population and number of households as established by the most recently available estimate as of July 1, 1990.

Subd. 3. [PROPOSED PROPERTY TAX NOTICES.] *If, as a result of a more recent estimate of population or number of households, a local government's levy limit is increased as provided in subdivision 2, clause (2), the amount of the increase in the levy limit may be added to the proposed tax levy for purposes of the public hearings under Minnesota Statutes, section 275.065, subdivision 6.*

Sec. 64. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall codify in Minnesota Statutes, section 275.50, all permanent local special levies enacted in 1990.

Sec. 65. [REPEALER.]

(a) Minnesota Statutes 1989 Supplement, section 375.192, subdivision 1, is repealed.

(b) Minnesota Statutes 1989 Supplement, section 383A.65, is repealed.

Sec. 66. [EFFECTIVE DATE.]

Sections 3, 36, 37, 40, 44, 45, 47, 48, 62, and 63, are effective the day following final enactment.

Sections 4, 5, 9, 13 to 19, 23 to 28, 30, 31, 34, 39, 43, 46, 59, and 61, are effective for taxes levied in 1990, payable in 1991, and thereafter, except as otherwise provided.

Section 6 is effective August 1, 1990.

Section 7 is effective January 1, 1990, and thereafter.

Section 10 is effective for taxes levied in 1990, payable in 1991, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1990 assessment, the taxpayer of the property operated by private clubs under Minnesota Statutes, section 273.112, subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by July 1, 1990, showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of section 10 by July 1, 1990.

Sections 11, 12, 20, 22, 32, 33, 41, and 42, are effective for taxes levied in 1989, payable in 1990, and thereafter.

Section 21 is effective for reports filed in 1990, and thereafter.

Section 35 is effective for appeals filed after the date of final enactment.

Sections 38 and 65, paragraph (a), are effective for reductions or abatements filed with the county board after June 30, 1990.

Section 57 is effective upon approval by a majority of all members of the Bemidji city council, and by a majority of all members of the Beltrami county board of commissioners, and compliance with Minnesota Statutes, section 645.021.

Sections 58 and 65, paragraph (b), are effective the day after the governing body of the city of St. Paul and the Ramsey county board have both complied with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 4

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes Second 1989 Supplement, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of local agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of local agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1~~,~~ ~~1991,~~ through July 31, ~~1991,~~ *for calendar years 1991, 1992, and 1993* shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1991~~ *10 in each of those years*. Payments for the period August ~~1991~~ through December ~~1991~~ *for calendar years 1991, 1992, and 1993* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31~~,~~ ~~1991~~ *in each of those years*.

(b) Payment for 1/24 of the base amount and the January ~~1992~~ *1994* county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* January ~~1992~~ *3, 1994*. For the period of February 1, ~~1992~~ *1994*, through July 31, ~~1992~~ *1994*, payment of the base amount shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1992~~ *10, 1994*, and payment of the growth amount over the base amount shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1992~~ *1994* through December ~~1992~~ *1994* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31, ~~1992~~ *1994*.

(c) Payment for the county share of local agency expenditures during January ~~1993~~ *1995* shall be made ~~during~~ *on or before* January ~~1993~~ *3, 1995*. Payment for 1/24 of the base amount and the February ~~1993~~ *1995* county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* February ~~1993~~ *3, 1995*. For the period of March 1, ~~1993~~ *1995*, through July 31, ~~1993~~ *1995*, payment of the base amount shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1993~~ *10, 1995*, and payment of the growth amount over the base amount shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1993~~ *1995* through December ~~1993~~ *1995* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31, ~~1993~~ *1995*.

(d) Monthly payments for the county share of local agency expenditures from January ~~1994~~ *1996* through February ~~1994~~ *1996* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month through February ~~1994~~ *1996*. Payment for 1/24 of the base amount and the March ~~1994~~ *1996* county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* March ~~1994~~ *1996*. For the period of April 1, ~~1994~~ *1996*, through July 31, ~~1994~~ *1996*, payment of the base amount shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1994~~ *10, 1996*, and payment of the growth amount over the base amount shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1994~~ *1996* through December ~~1994~~ *1996* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31, ~~1994~~ *1996*.

(e) Monthly payments for the county share of local agency expenditures from January ~~1995~~ *1997* through March ~~1995~~ *1997* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month through March ~~1995~~ *1997*. Payment for 1/24 of the base amount and the April ~~1995~~ *1997* county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* April ~~1995~~ *3, 1997*. For the period of May 1, ~~1995~~ *1997*, through July 31, ~~1995~~ *1997*, payment of the base amount shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1995~~ *10, 1997*, and payment of the growth amount over the base amount

shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1995~~ *1997* through December ~~1995~~ *1997* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31, ~~1995~~ *1997*.

(f) Monthly payments for the county share of local agency expenditures from January ~~1996~~ *1998* through April ~~1996~~ *1998* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month through April ~~1996~~ *1998*. Payment for 1/24 of the base amount and the May ~~1996~~ *1998* county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* May ~~1996~~ *3, 1998*. For the period of June 1, ~~1996~~ *1998*, through July 31, ~~1996~~ *1998*, payment of the base amount shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1996~~ *10, 1998*, and payment of the growth amount over the base amount shall be made ~~monthly~~ *on or before the third of each month*. Payments for the period August ~~1996~~ *1998* through December ~~1996~~ *1998* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31, ~~1996~~ *1998*.

(g) Monthly payments for the county share of local agency expenditures from January ~~1997~~ *1999* through May ~~1997~~ *1999* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month through May ~~1997~~ *1999*. Payment for 1/24 of the base amount and the June ~~1997~~ *1999* county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ *on or before* June ~~1997~~ *3, 1999*. For the period of June 1, ~~1997~~ *1999*, through July 31, ~~1997~~ *1999*, payment shall be made ~~subsequent to~~ *on or before* July ~~1,~~ ~~1997~~ *10, 1999*. Payments for the period August ~~1997~~ *1999* through December ~~1997~~ *1999* shall be made ~~subsequent to~~ *on or before* the ~~first~~ *third* of each month thereafter through December 31, ~~1997~~ *1999*.

(h) Effective January 1, ~~1998~~ *2000*, monthly payments for the county share of local agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity

cannot be less than zero.

(d) "Net tax capacity" means the product of *(i)* the appropriate net class rates for the year in which the aid is payable, except that for *aids payable in 1991 the class rate applied to* class 3 utility real and personal property ~~the class rate applied~~ *shall be 5.38 percent; the class rate applied to class 4c property and that portion of class 3 property with an actual net class rate of 2.3 percent shall be 2.4 percent; the class rates applied to class 2a agricultural homestead property excluding the house, garage, and one acre shall be .4 percent for the first $100,000 of value reduced by the value of the house, garage, and one acre, 1.3 percent for the remaining value of the first 320 acres, and 1.7 percent for the remaining value of any acreage in excess of 320 acres; the class rate applied to class 2b property shall be 1.7 percent; the class rate applied to class 1b property shall be .4 percent; and the class rate for the portion of class 1 property and the house, garage, and one acre portion of class 2a property with a market value in excess of $100,000* shall be ~~5.38 percent~~ *3.0 percent*, and *(ii)* estimated market values for the assessment two years prior to that in which aid is payable. *The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. The reclassification of fraternity and sorority houses as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991.* "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) *"Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.*

(f) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

~~(f)~~ *(g)* "*1989* local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(h) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

~~(g)~~ *(i)* For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's *1989* local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

~~(h)~~ *(j)* For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" ~~or~~, "gross taxes," *or "taxes levied"* means the total ~~gross~~ taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. *Gross taxes levied on all properties or gross taxes are* before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid *but "taxes levied" are after any reduction for disparity reduction aid.* Gross taxes levied *or taxes levied* cannot be less than zero.

For homestead and agricultural credit aid payable in 1991 ~~and subsequent years~~, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding taxes defined as "equalized levies" in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.

"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a.

~~(i)~~ *(k)* "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision

6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants under section 256B.091;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

~~(j) "Adjustment factor" means one plus the percentage change in (1) the ratio of estimated market value of residential homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. If the market value of farm homesteads exceeds the market value of residential homesteads in the city or township containing the unique taxing jurisdiction, "adjusted factor" means one plus the percentage change in the ratio of the estimated market value of farm homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. The adjustment factor cannot be less than one. Estimates of market value for the assessment one year prior to the year in which the aid is paid will be made on the basis of the abstract submitted pursuant to section 270.11. Discrepancies between the estimate and actual market values will not result in increased or decreased aid in the year in which the estimates are used to compute aid.~~

~~(k)~~ *(l)* "Cost-of-living adjustment factor" means *the greater of one or* one plus the percentage *increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.*

(m) The percentage increase in the consumer price index means the percentage, if any, by which:

(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds

(2) the consumer price index for calendar year 1989.

~~(l)~~ *(n)* "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.

~~(m)~~ *(o)* "Consumer price index" means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989

shall be used.

~~(n)~~ *(p)* "Household adjustment factor" means the number of households for the *second* most recent year preceding that in which the aids are payable divided by the ~~1988~~ number of households *for the third most recent year. The household adjustment factor cannot be less than one.*

(q) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The ~~household~~ *growth* adjustment factor cannot be less than one.

(r) "Homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(s) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(t) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) ~~Initial~~ *For aid payable in 1991,* homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 *and subsequent years*, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The *1990 and 1991* homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. *The net tax capacity adjustment is allocated to each local government levying taxes*

in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.

(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

(3) If a local government's total tax capacity rate for all funds for taxes payable in 1989 varies within the area in which it exercises taxing authority, the local government's allocated homestead and agricultural credit aid must be further allocated between the part of its levy in respect to which the tax capacity rate is constant throughout the area in which it exercises taxing authority and the part of its levy in respect to which the tax capacity rate varies throughout the area in which it exercises taxing authority.

(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.

(d) Payments under this subdivision to counties in 1990 ~~and subsequent years~~ *and 1991* shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), ~~and~~ 4, paragraph (d), *and 5.*

(e) Payments under this subdivision to ~~cities and~~ towns *in 1990 and 1991* shall be ~~annually~~ reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.

(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by $450,000.

(h) Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.

Sec. 4. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

Subd. 2c. [COMPUTATION BY COMMISSIONER.] *Notwithstanding the provisions of subdivisions 1 and 2 requiring the computation of homestead and agricultural credit aid at the unique taxing jurisdiction level, the commissioner may, upon consultation with the chairs of the house tax committee and senate committee on taxes and tax laws, compute homestead and agricultural credit aid at a higher level if it would have a negligible impact or if changes in the composition of unique taxing jurisdictions do*

not permit computation at the unique taxing jurisdiction level.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1 by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a~~,~~; *fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b;* and equalization aid certified by section 477A.013, subdivision 5. If a local government's homestead and agricultural credit aid was further allocated between portions of its levy pursuant to section 273.1398, subdivision 2, paragraph (b)(2), the levy or fund to which the homestead and agricultural credit aid was allocated is the levy or fund which must be adjusted.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. [CITY.] City means a statutory or home rule charter city. City also means a town having a population of 5,000 or more for purposes of the aid payable under section 477A.013, subdivision 3. Towns ~~and cities of the first class~~ are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5 *or the aid adjustment under section 477A.013, subdivision 7.*

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 25, is amended to read:

Subd. 25. [NET TAX CAPACITY.] "Net tax capacity" means for aids payable under section 477A.013, subdivision 5, (1) the net tax capacity of a city computed using the ~~net tax capacity~~ *class* rates in ~~Minnesota Statutes 1988,~~ section 273.13, *for taxes payable the year prior to the aid distribution,* and based on ~~1988~~ estimated market values *for taxes payable the year prior to the aid distribution,* plus (2) a city's fiscal disparities distribution tax capacity under section 473F.08, subdivision 2, paragraph (b), for taxes payable ~~in 1989~~ *the year prior to the aid distribution.* The market value utilized in computing net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), *and* (2) ~~the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~ the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The net tax capacity will be computed using equalized market values.

Sec. 8. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

Subd. 26. [REVENUE BASE.] *"Revenue base" means the amount levied for taxes payable in 1990 less the special levies under section 275.50, subdivision 5, clause (u), including the levy on the fiscal disparity distribution under section 473F.08, subdivision 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the local government aid under sections 477A.011; 477A.012, subdivisions 1 and 3, determined without regard to subdivision 2; and 477A.013, subdivisions 3 and 6; and the estimated taconite aids used to*

determine levy limits for taxes payable in 1990 under section 275.51, subdivision 3i.

Sec. 9. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

Subd. 27. [REDUCTION PERCENTAGE.] *"Reduction percentage" is the equal percentage reduction in each county and city revenue base that is necessary to reduce 1990 aid payments by $28,000,000 under sections 477A.012, subdivision 5 and 477A.013, subdivision 7.*

Sec. 10. Minnesota Statutes 1988, section 477A.012, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] In calendar year ~~1988 and calendar years thereafter~~ *1990*, each county government shall receive a distribution equal to the aid amount certified for 1987 pursuant to this subdivision. *In calendar year 1991 and subsequent years, each county government shall receive a distribution equal to the aid amount it received in 1990 under this subdivision less the reduction made under subdivision 5.*

Sec. 11. Minnesota Statutes 1988, section 477A.012, is amended by adding a subdivision to read:

Subd. 5. [COUNTY AID ADJUSTMENT.] *For calendar year 1990, a county's aid amount as calculated under subdivisions 1 and 3 is reduced by an amount equal to the product of its revenue base and the reduction percentage. The amount of aid computed under this subdivision and subdivisions 1 and 3 cannot be less than $0. If the subtraction amount under this subdivision is greater than the amount of aid calculated for any county under subdivisions 1 and 3, the remaining amount shall be next subtracted from the county's homestead and agricultural credit aid under section 273.1398, subdivision 2, and then, if necessary, from the county's disparity reduction aid under section 273.1398, subdivision 3.*

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 3, is amended to read:

Subd. 3. [CITY AID DISTRIBUTION.] In 1989, a city whose initial aid is greater than $0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:

(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;

(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but

less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990, a city whose initial aid is greater than $0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

~~In 1991 and subsequent years, a city whose initial aid is greater than $0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 25 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.~~

In 1991 and subsequent years, a city will receive an amount equal to the local government aid it received under this section in the previous year.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated after the adjustments provided in section 273.1398, subdivision 2, or (2) its initial aid amount, or (3) 15 percent of the total *local government aid* amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is $0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. A city whose initial aid is $0 will receive in 1991 ~~and subsequent years~~ an amount equal to the aid it received in the previous year under this section. For purposes of this subdivision, the term "local government aid" ~~includes~~ *does not include* equalization aid ~~for aids payable in 1991 and thereafter~~ *amounts under subdivision 5.*

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 5, is amended to read:

Subd. 5. [EQUALIZATION AID.] A city is eligible for equalization aid ~~in 1990 only. The amount of the aid is~~ equal to ~~(1)~~ *the aid amount received under this subdivision in 1990 after the adjustments, if any, under subdivisions 6 and 7, plus an equalization aid increase equal to* the product of (i) a city's average levy for the three immediately preceding years less the disparity reduction aids allocated to the city pursuant to ~~Minnesota Statutes 1988,~~ section 273.1398, subdivision 3, *for the year prior to the aid distribution, and less the equalization aid it received under this section in the year prior to that for which the aid is being calculated,* (ii) ~~.36~~ *.30*, and (iii) one minus the ratio of the net tax capacity per capita to 900~~; less (2) the local government aid increase for the city under subdivision 3~~. The *equalization* aid *increase* under this section is limited to ~~15~~ *12* percent of the total ~~local government~~ aid the city received ~~in 1989~~ *under this section in the prior year.* The aid under this section cannot be less than zero. For the purposes of this subdivision, "levy" includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

If the amount allocated under section 477A.03, subdivision 1, is insufficient to pay the aid amounts calculated under this subdivision, the commissioner of revenue shall first proportionately reduce the equalization aid increase for each city so that the sum of the equalization aid amounts paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1. If the equalization aid increase is reduced to zero and the amount allocated under section 477A.03, subdivision 1, is still insufficient to pay the aid amounts under this subdivision, the remaining amount of equalization aid for each city will be reduced proportionately so that the sum of the aid paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1.

Sec. 14. Minnesota Statutes 1988, section 477A.013, is amended by adding a subdivision to read:

Subd. 7. [1990 CITY AID ADJUSTMENT.] *For cities only in calendar year 1990, there shall be an amount, equal to the product of a city's revenue base and the reduction percentage, subtracted from the aid amounts computed under subdivisions 3, 5, and 6. The subtraction will be made first from the local government aid computed under subdivisions 3 and 6. If the subtraction amount under this subdivision is greater than the local government aid computed under subdivisions 3 and 6, the remaining amount will be subtracted from the equalization aid computed under subdivisions 5 and 6. The resulting amounts shall be the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city cannot be less than zero. If the subtraction amount under this section is greater than the aid amount for any city computed under subdivisions 3, 5, and 6, the remaining amount shall be subtracted next from the city's homestead and agricultural credit aid under section 273.1398, subdivision 2, and then, if necessary, from the city's disparity reduction aid under section 273.1398, subdivision 3.*

Sec. 15. Minnesota Statutes 1988, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. *For aids payable in 1991 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to $19,485,684.*

Sec. 16. Minnesota Statutes 1988, section 477A.11, subdivision 4, is amended to read:

Subd. 4. "Other natural resources land" means*:*

(1) any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located*; and*

(2) land leased by the state from the United States of America through the United States Secretary of Agriculture pursuant to Title III of the Bankhead Jones Farm Tenant Act, which land is commonly referred to as land utilization project land that is administered by the commissioner.

Sec. 17. Minnesota Statutes 1988, section 477A.13, is amended to read:

477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties shall be made from the general fund during the month of July of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 89.036, 97A.061, subdivisions 1 and 2, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

~~Payments under section 477A.12 must also be reduced by the following percentages of the amounts paid during the preceding year under section 84A.51:~~

~~(1) for the payment made July 15, 1984, 75 percent;~~

~~(2) for the payment made July 15, 1985, 50 percent;~~

~~(3) for the payment made July 15, 1986, 25 percent; and~~

~~(4) for the payment made thereafter, 0 percent.~~

Sec. 18. [SPECIAL TAXING DISTRICTS; HOMESTEAD AND AGRICULTURAL CREDIT AID REDUCTION.]

Subdivision 1. [APPLICATION.] *This section applies only to special taxing districts receiving payments of homestead and agricultural credit aid for taxes payable in 1990 of $150,000 or more. The section applies only to the homestead and agricultural aid payments for taxes payable in 1990.*

Subd. 2. [DEFINITIONS.] *For purposes of this section, the following terms have the meanings given.*

(a) "Budget" means the budget adopted by the special taxing district to determine its levy for property taxes payable in 1990. It includes changes in the budget formally adopted by the governing body of the district before March 15, 1990.

(b) "General fund" means the general fund or equivalent current operating fund of the special taxing district. It does not include a separate fund to pay for capital improvements and equipment or other capital costs.

(c) "Projected unreserved fund balance" means for the district's general fund the sum of the balance at the end of 1989 and the projected revenues for 1990 in its budget, less the budgeted amount of current, general fund expenditures for 1990. Current expenditures include budgeted payments to other public agencies or entities for their operations to the extent that the source of the payment is derived 25 percent or more from the district's property tax levy. Federal aid or other nonproperty tax revenues (other than homestead and agricultural credit aid) must be excluded from computation of the unreserved fund balance, if the revenues are passed through or paid to another entity and the expenditures are also excluded.

(d) "Special taxing district" or "district" means a political subdivision with the authority to levy property taxes, other than a city, county, or school district.

Subd. 3. [REPORTING OF RESERVE FUNDS.] *By May 15, 1990, each special taxing district must report to the commissioner of revenue the following amounts: (1) its projected unreserved fund balance, (2) the revenues to be derived from its property tax levy and homestead and agricultural credit aid for taxes payable in 1990, and (3) the general fund expenditures authorized by its budget for 1990.*

Subd. 4. [REDUCTION IN AID PAYMENTS.] *The commissioner shall reduce the homestead and agricultural credit aid payments in calendar year 1990 to the district by the amount of the excess of the projected unreserved fund balance, over the greater of (1) 50 percent of its levy before reduction for homestead and agricultural credit aid and disparity reduction aid or (2) 20 percent of its general fund expenditures authorized by its 1990 budget. If the commissioner calculates that the sum of the reductions under this subdivision for all districts exceeds $4,000,000, the commissioner shall proportionately reduce the amount for each district so that the total reduction is $4,000,000.*

Sec. 19. [FURTHER REDUCTIONS IN AIDS AND CREDITS.]

If the total of the reductions in aids and credits under this article and article 5 for fiscal year 1993 is not at least $175,000,000, the commissioner of revenue shall further reduce state aids payable to cities, counties, and special taxing districts by an amount that, when added to the other reductions of aids and credits under this article, will equal $175,000,000. Reductions under this section will be made in the manner provided in sections 3, 11, and 14.

Sec. 20. [LEVY USE FOR REDUCTIONS.]

If the 1990 abstract of tax lists for a county, city, or special taxing district has not been received by the commissioner of revenue by June 15, 1990, the commissioner may use the final levy certified in the report filed under section 275.07, subdivision 4, as a basis for the reduction under section 3, 11, or 14.

Sec. 21. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2b, is repealed.

Sec. 22. [EFFECTIVE DATES.]

Sections 1, 3, 8, 9, 11, 14, 18, and 20 are effective for aids payable in calendar year 1990 and thereafter. Sections 2, 4, 5, 7, 10, 12, 13, 15, and 17 are effective for aids payable in calendar year 1991 and thereafter. Sections 19 and 21 are effective for aids payable in calendar year 1992 and thereafter. That part of section 6 striking a reference to cities of the first class is effective for aids paid in calendar year 1991 and thereafter. The rest of section 6 is effective for aids paid in calendar year 1990 and thereafter. Section 16 is effective July 1, 1990, and applies to payments due on or after that date.

ARTICLE 5

PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1988, section 290A.03, subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means the amount of gross rent actually paid in cash, or its equivalent, which is attributable (a) to the property tax paid on the unit or (b) to the amount paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant. The amount of rent attributable to property taxes paid or payments

in lieu made on the unit shall be determined by multiplying the ~~net tax on the property where~~ *gross rent paid by the claimant for the calendar year for* the unit ~~is located~~ by a fraction, the numerator of which is the ~~gross rent paid by the claimant for the calendar year for~~ *net tax on the property where* the unit *is located* and the denominator of which is the ~~gross rent paid for the calendar year for the property in which the unit is located~~ *total scheduled rent*. In no case may the rent constituting property taxes exceed 50 percent of the gross rent paid by the claimant during that calendar year. In the case of a claimant who resides in a unit for which (1) a rent subsidy is paid to, or for, the claimant based on the income of the claimant or the claimant's family, or (2) a subsidy is paid to a public housing authority that owns or operates the claimant's rental unit, pursuant to United States Code, title 42, section 1437c, 20 percent of gross rent actually paid in cash or its equivalent shall be the claimant's "rent constituting property taxes paid." For purposes of this subdivision, "rent subsidy" does not include any housing assistance received under aid to families with dependent children, general assistance, Minnesota supplemental assistance, supplemental security income, or similar income maintenance programs.

Sec. 2. Minnesota Statutes 1988, section 290A.03, is amended by adding a subdivision to read:

Subd. 12a. [TOTAL SCHEDULED RENT.] *"Total scheduled rent" means the sum of the monthly rents assigned to the residential rental units in the property multiplied by 12. The assigned rents are the rents effective on May 3 for taxes payable in 1990 and April 15 for taxes payable in 1991 and thereafter. The rents must be an arm's-length rental, including garage rents if any, but not including charges for medical services furnished by the landlord as a part of the rental agreement. In determining total scheduled rent, no deduction is allowed for vacant units, uncollected rent, or reduced cash rents in units occupied by employees or agents of the owner.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. [RENTERS.] A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 999	1.0 percent	9 percent	$1,000
1,000 to 1,999	~~1.1~~ *1.0* percent	9 percent	$1,000
2,000 to 2,999	~~1.2~~ *1.0* percent	10 percent	$1,000
3,000 to 3,999	~~1.3~~ *1.0* percent	10 percent	$1,000
4,000 to 4,999	~~1.4~~ *1.1* percent	11 percent	$1,000
5,000 to 5,999	~~1.5~~ *1.2* percent	12 percent	$1,000
6,000 to 6,999	~~1.5~~ *1.2* percent	13 percent	$1,000
7,000 to 7,999	~~1.6~~ *1.3* percent	14 percent	$1,000
8,000 to 8,999	~~1.6~~ *1.3* percent	15 percent	$1,000
9,000 to 9,999	~~1.7~~ *1.4* percent	16 percent	$1,000
10,000 to 10,999	~~1.7~~ *1.4* percent	17 percent	$1,000

11,000 to 11,999	~~1.8~~ *1.5* percent	19 percent	$1,000
12,000 to 12,999	~~1.8~~ *1.5* percent	21 percent	$1,000
13,000 to 13,999	~~1.9~~ *1.6* percent	23 percent	$1,000
14,000 to 14,999	~~2.0~~ *1.7* percent	24 percent	$1,000
15,000 to 15,999	~~2.0~~ *1.8* percent	26 percent	$1,000
16,000 to 16,999	~~2.1~~ *1.8* percent	27 percent	$1,000
17,000 to 17,999	~~2.2~~ *1.9* percent	28 percent	$1,000
18,000 to 18,999	~~2.3~~ *2.0* percent	30 percent	$1,000
19,000 to 19,999	~~2.5~~ *2.2* percent	32 percent	$1,000
20,000 to 20,999	~~2.7~~ *2.4* percent	34 percent	$1,000
21,000 to 21,999	~~2.9~~ *2.6* percent	36 percent	$1,000
22,000 to 22,999	~~3.0~~ *2.7* percent	37 percent	$1,000
23,000 to 23,999	~~3.1~~ *2.8* percent	38 percent	$1,000
24,000 to 24,999	~~3.2~~ *2.9* percent	40 percent	$1,000
25,000 to 25,999	~~3.3~~ *3.0* percent	43 percent	$1,000
26,000 to 26,999	~~3.4~~ *3.1* percent	43 percent	$1,000
27,000 to 27,999	~~3.5~~ *3.2* percent	45 percent	$1,000
28,000 to 28,999	~~3.6~~ *3.3* percent	47 percent	$ 900
29,000 to 29,999	~~3.7~~ *3.4* percent	47 percent	$ 800
30,000 to 30,999	~~3.8~~ *3.5* percent	48 percent	$ 700
31,000 to 31,999	~~3.9~~ *3.5* percent	48 percent	$ 600
32,000 to 32,999	~~4.0~~ *3.5* percent	50 percent	$ 500
33,000 to 33,999	~~4.0~~ *3.5* percent	50 percent	$ 300
34,000 to 34,999	~~4.0~~ *3.5* percent	50 percent	$ 100

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is $35,000 or more.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ten percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is $40 or more for taxes payable in 1990 and 1991, $60 or more for taxes payable in 1992, $80 or more for taxes payable in 1993, and $100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first $250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first $275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first $300 of the amount of the increase over ten percent for taxes payable in 1993, and 75 percent of the first $325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus $250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus $275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus $300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus $325 for taxes payable in 1994. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after

reductions made under sections 273.13, subdivisions 22 and 23; 273.132; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

On or before December 1, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims exceed the following amounts for the taxes payable year designated, the commissioner shall ~~decrease the percentages of the excess taxes the state will pay and~~ increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund *so that the estimated total refund claims do not exceed the appropriation limit.*

Taxes payable in:	Appropriation limit
1991	~~$7,000,000~~ *$13,000,000*
1992	$6,500,000
1993	$6,000,000
1994	$5,500,000

~~The commissioner shall make the adjustments so that half of the estimated savings come from decreasing the percentages of the excess taxes the state will pay and half of the estimated savings come from increasing the dollar amount of the tax increase which must occur before a taxpayer qualifies for a refund.~~ The determinations of the revised ~~percentages and~~ thresholds by the commissioner are not rules subject to chapter 14.

Sec. 5. Minnesota Statutes 1989 Supplement, section 290A.04, subdivision 5, is amended to read:

Subd. 5. [COMBINED RENTER AND HOMEOWNER REFUND.] In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable~~, except that the sum may not exceed the higher of the maximum refund payable either based on rent constituting property taxes or property taxes payable~~.

Sec. 6. Minnesota Statutes 1988, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding

address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. *The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.*

(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of $100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) $100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.

(c) ~~If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:~~

~~(i) The net tax shall be reduced by 1/12 for each month remaining in the calendar year.~~

~~(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."~~

~~(d)~~ The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.

~~(e)~~ *(d)* If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

~~(f) The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid. The commissioner may require that~~ *(e) By June 30, for taxes payable in 1990 and May 30 for taxes payable in 1991 and thereafter,* each owner or managing agent *shall* report *to the commissioner* on a ~~single~~ form *prescribed by the commissioner* the ~~total property taxes for a~~ *net tax pertaining to the rental residential part of the* property ~~and the allocation of the property taxes as rent constituting property taxes among the renters of the property~~*, the total scheduled rent, and the fraction computed under section 290A.03, subdivision 11. A copy of the property tax statement for taxes payable in that year must be attached.*

Sec. 7. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 290A.045, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 3, and 6 are effective the day following final enactment for claims based on rent paid in 1990 and thereafter. Section 4 is effective for property taxes payable in 1991 and thereafter. Section 5 is effective for claims based on rent paid in 1990 and thereafter, and property taxes payable in 1991 and thereafter. Section 7 is effective the day following final enactment and applies to taxes payable in 1990 and 1991.

ARTICLE 6

SALES AND LODGING TAXES

Section 1. Minnesota Statutes 1988, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" includes

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property; ~~and~~

(4) logging equipment, including chain saws used for *commercial* logging ~~only if the engine displacement equals or exceeds five cubic inches~~*; and*

(5) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. 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, *mining, quarrying,* 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, *mining, quarrying,* or refining facility in the state. *For purposes of this subdivision, "mining" includes peat mining.* 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) machinery or equipment used to ~~extract,~~ receive~~,~~ or store raw materials.

Sec. 3. Minnesota Statutes 1988, section 297A.25, subdivision 36, is amended to read:

Subd. 36. [~~INCOMING,~~ INTERSTATE WATS LINES.] The gross receipts from the sale of long distance telephone services are exempt, if the service *(1)* consists of a wide area telephone line that permits a long distance call to an individual or business located in Minnesota to be made from a location outside of Minnesota at no toll charge to the person placing the call*; or (2) entitles a customer, upon payment of a periodic charge that is determined either as a flat amount or upon the basis of total elapsed transmission time, to the privilege of an unlimited number of long distance calls made from a location in Minnesota to a location outside of Minnesota if the customer is a qualified provider of telemarketing services. As used in this subdivision, a "qualified provider of telemarketing services" is a telemarketing firm that derives at least 80 percent of its revenues from one or more of the following activities: soliciting or providing information, soliciting sales or receiving orders, and conducting research by means of telegraph, telephone, computer data base, fiber optic, microwave, or other communication system.*

Sec. 4. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 44. [SHIPS USED IN INTERSTATE COMMERCE.] *The gross receipts from sales of repair, replacement, and rebuilding parts and materials, and lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce are exempt.*

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

Subd. 45. [SUPERCOMPUTING COMPLEX.] *The gross receipts from the sales, lease, license to use or consume, or other transfer of title or possession, or both, whether absolutely or conditionally, and from the storage, use, or consumption, of items comprising a supercomputing complex, are exempt where the purchaser, lessee, licensee, or other user is a corporation all of whose shares are owned in part by the Regents of the University of Minnesota and in part by the University of Minnesota Foundation, an organization exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1989. For this purpose, a supercomputing complex means a multi-user mainframe system having at least 12 linked processors, memory of at least five billion characters, high-speed interconnectivity, disk storage of at least 60 billion characters, and related system and application software, intended*

for numerically intensive computing. A supercomputing complex includes, but is not limited to, the mainframe computers, associated software, processor controllers, power and coolant units, communications devices, workstations terminals, display stations, disk drives, and tape drives.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to ~~six~~ *three* percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 2, is amended to read:

Subd. 2. [EXISTING TAXES.] No statutory or home rule charter city or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of ~~six~~ *three* percent.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION OF PROCEEDS.] Ninety-five percent of the gross proceeds from ~~the first three percent of~~ any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 9. [BLOOMINGTON LODGING TAX.]

Subdivision 1. [AUTHORIZATION.] *Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used to promote the metropolitan sports area defined in Minnesota Statutes, section 473.551, subdivision 5.*

Subd. 2. [EFFECTIVE DATE.] *This section is effective the day after the filing of a certificate of local approval by the governing body of the city of Bloomington in compliance with Minnesota Statutes, section 645.021,*

subdivision 3.

Sec. 10. [ROSEVILLE LODGING TAX.]

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the governing body of the city of Roseville may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax shall be dedicated to and used to pay the costs of the construction, debt service, operation, and maintenance of a public multiuse speed skating/bandy facility within the city to the extent the costs exceed any revenues derived from the lease, rental, or operation of the facility.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 3 are effective for sales after June 30, 1990.

Section 4 is effective for sales after December 31, 1983. The provisions of Minnesota Statutes, section 297A.35, apply to refunds claimed under section 4.

Section 5 is effective for transactions occurring on or after December 1, 1989.

Sections 6 to 8 are effective February 1, 1990. Any tax increase adopted by action of a city council after February 1, 1990, under Minnesota Statutes, section 469.190, that results in a tax rate that exceeds three percent is ineffective the day following final enactment of this act.

Section 9 is effective the day following final enactment.

Section 10 is effective the day following final enactment, but only if the legislature authorizes the issuance of bonds for the construction of the facility during its 1990 session.

ARTICLE 7

TAX INCREMENT FINANCING

Section 1. [273.1399] [REDUCTION IN STATE TAX INCREMENT FINANCING AID PAYMENTS.]

Subdivision 1. [DEFINITIONS.] *For purposes of this section, the following terms have the meanings given.*

(a) "Qualifying captured tax capacity" means the following amounts:

(1) the captured tax capacity of an economic development or soils condition tax increment financing district for which certification was requested after April 30, 1990; and

(2) the captured tax capacity of a tax increment financing district, other than an economic development or soils condition district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the district

was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district.

Number of years	*Renewal and Renovation Districts*	*All other Districts*
0 to 5	*0*	*0*
6	*12.5*	*6.25*
7	*25*	*12.5*
8	*37.5*	*18.75*
9	*50*	*25*
10	*62.5*	*31.25*
11	*75*	*37.5*
12	*87.5*	*43.75*
13	*100*	*50*
14	*100*	*56.25*
15	*100*	*62.5*
16	*100*	*68.75*
17	*100*	*75*
18	*100*	*81.25*
19	*100*	*87.5*
20	*100*	*93.75*
21 or more	*100*	*100*

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured tax capacity resulting from the reduction in the subdistrict's or site's original tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

Subd. 2. [REPORTING.] *The county auditor shall calculate the qualifying captured tax capacity amount for each municipal part of each school district in the county and report the amounts to the commissioner of revenue at the time and in the manner prescribed by the commissioner.*

Subd. 3. [CALCULATION OF EDUCATION AIDS.] *For each school district containing qualifying captured tax capacity, the commissioner of education shall compute a hypothetical state aid amount that would be paid to the school district if the qualifying captured tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating state aids. The commissioner of education shall notify the commissioner of revenue of the difference between the actual aid paid and the hypothetical aid amounts calculated for each school district, broken down by the municipality that approved the tax increment financing district containing the qualifying captured tax capacity. The resulting amount is the reduction in state tax increment financing aid.*

Subd. 4. [EQUALIZATION FACTOR.] *The amount of the reduction in state tax increment financing aid equals the amount determined under subdivision 3 less*

(1) seventy-five percent of the excess, if any, of the amount determined under subdivision 3, over

(2) .05 times the municipality's tax capacity, divided by the sales ratio.

Subd. 5. [LOCAL GOVERNMENT AIDS; HOMESTEAD AND AGRICULTURAL AID CALCULATIONS.] *(a) The reduction in state tax increment financing aid for a municipality must be deducted first from the local government aids to be paid to the municipality. If the deduction exceeds the amount of the local government aid, the rest must be deducted from the homestead and agricultural credit aid to be paid to the municipality.*

(b) The amount of qualifying captured tax capacity must be included in adjusted tax capacity for purposes of computing the local government aid of the municipality that approved the tax increment financing district.

Sec. 2. Minnesota Statutes 1988, section 469.043, subdivision 5, is amended to read:

Subd. 5. [CONTINUATION OF REDEVELOPMENT COMPANY PROVISIONS.] The provisions of Minnesota Statutes 1986, sections 462.591 to 462.705, shall continue in effect with respect to any ~~redevelopment company~~ *project* to which a tax exemption had been granted under Minnesota Statutes 1986, section 462.651, prior to August 1, 1987, *whether or not the project continues to be owned by a redevelopment company, provided that if the project is not owned by a redevelopment company or governmental unit, the exemption shall not be available during any period when the earnings of the owner from the project annually paid to the owner or its shareholders for interest, amortization, and dividends exceeds eight percent of invested capital or equity in the project.*

Sec. 3. Minnesota Statutes 1988, section 469.129, subdivision 2, is amended to read:

Subd. 2. [REVENUE BONDS.] A city may authorize, issue, and sell revenue bonds under section 469.178, subdivision 4, to refund the principal of and interest on general obligation bonds originally issued to finance a development district, or one or more series of bonds one of which series was originally issued to finance a development district, for the purpose of relieving the city of restrictions on the application of tax increments or for other purposes authorized by law. The refunding bonds shall not be subject to the conditions set out in section 475.67, subdivisions 11 and 12. Tax increments received by the city with respect to the district may be used to pay the principal of and interest on the refunding bonds and to pay premiums for insurance or other security guaranteeing the payment of their principal and interest when due. Tax increments may be applied in any manner permitted by section 469.176, subdivisions 2 and 4. *Bonds may not be issued under this subdivision after April 30, 1990.*

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 7, is amended to read:

Subd. 7. [ORIGINAL NET TAX CAPACITY.] (a) Except as provided in paragraph (b), "original net tax capacity" means the tax capacity of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the

request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 469.177, subdivisions 1 and 4. In determining the original net tax capacity the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

(b) The original net tax capacity of any designated hazardous substance site or hazardous substance subdistrict shall be determined as of the date the authority certifies to the county auditor that the ~~agency or municipality~~ *authority* has entered a redevelopment or other agreement for the removal actions or remedial actions specified in a development response action plan, or otherwise provided funds to finance the development response action plan. The original net tax capacity equals (i) the net tax capacity of the parcel or parcels in the site or subdistrict, as most recently determined by the commissioner of revenue, less (ii) the estimated costs of the removal actions and remedial actions as specified in a development response action plan to be undertaken with respect to the parcel or parcels, (iii) but not less than zero.

(c) The original net tax capacity of a hazardous substance site or subdistrict shall be increased by the amount by which it was reduced pursuant to paragraph (b), clause (ii), upon certification by the municipality that the cost of the removal and remedial actions specified in the development response action plan, except for long-term monitoring and similar activities, have been paid or reimbursed.

(d) For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly owned property.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) ~~parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; or~~

~~(3)~~ the property consists of vacant, unused, underused, inappropriately

used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. If the evidence supports a reasonable conclusion that the building is not disqualified as structurally substandard, the municipality may make such a determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.

(c) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or other improvements unless 15 percent of the area of the parcel contains improvements.

(d) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a), clauses (1) to (3), to be included in the district, and the entire area of the district must satisfy paragraph (a).

Sec. 6. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 10a. [RENEWAL AND RENOVATION DISTRICT.] *(a) "Renewal and renovation district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that:*

(1)(i) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements; (ii) 20 percent of the buildings are structurally substandard; and (iii) 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; and

(2) the conditions described in clause (1) are reasonably distributed throughout the geographic area of the district.

(b) For purposes of determining whether a building is structurally substandard, whether parcels are occupied by buildings or other improvements, or whether noncontiguous areas qualify, the provisions of subdivision 10, paragraphs (b), (c), and (d) apply.

Sec. 7. Minnesota Statutes 1988, section 469.174, subdivision 11, is amended to read:

Subd. 11. [HOUSING DISTRICT.] "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts. A project does not qualify under this subdivision if the fair market value of the improvements which are constructed for commercial uses or for uses other than low and moderate income housing consists of more than ~~one-third~~ *20 percent* of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value.

Sec. 8. Minnesota Statutes 1988, section 469.174, subdivision 12, is amended to read:

Subd. 12. [ECONOMIC DEVELOPMENT DISTRICT.] "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, *renewal and renovation district, soils condition district,* mined underground space development district, or housing district, but which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state *or municipality*; or

(2) it will result in increased employment in the ~~municipality~~ *state*; or

(3) it will result in preservation and enhancement of the tax base of the ~~municipality~~ *state*.

Sec. 9. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 21. [CREDIT ENHANCED BONDS.] *"Credit enhanced bonds" means special obligation bonds that are:*

(1) payable primarily from tax increments (i) derived from a tax increment financing district within which the activity, as defined in section 469.1763, subdivision 1, financed by at least 75 percent of the bond proceeds is located and (ii) estimated on the date of issuance to be sufficient to pay when due the debt service on the bonds, and

(2) further secured by tax increments (i) derived from one or more tax increment financing districts and (ii) determined by the issuer to be necessary in order to make the marketing of the bonds feasible.

Sec. 10. Minnesota Statutes 1988, section 469.175, subdivision 1a, is amended to read:

Subd. 1a. [INCLUSION OF COUNTY ROAD COSTS.] (a) The county board may require the authority to pay all or a portion of the cost of county road improvements out of increment revenues, if the following conditions occur:

(1) the proposed tax increment financing plan or an amendment to the plan contemplates construction of a development that will, in the judgment

of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs; *and*

(2) ~~the proposed tax increment financing district is a soils condition district; and~~

~~(3)~~ the road improvements or other road costs~~,~~ *are not scheduled for construction within five years under the county capital improvement plan or other formally adopted county plan, and* in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.

(b) If the county elects to use increments to finance the road improvements, the county must notify the authority and municipality within 30 days after receipt of the information on the proposed tax increment district under subdivision 2. The notice must include the estimated cost of the road improvements and schedule for construction and payment of the cost. The authority must include the improvements in the tax increment financing plan. The improvements may be financed with the proceeds of tax increment bonds or the authority and the county may agree that the county will finance the improvements with county funds to be repaid in installments, with or without interest, out of increment revenues. If the cost of the road improvements and other project costs exceed the projected amount of the increment revenues, the county and authority shall negotiate an agreement, modifying the development plan or proposed road improvements that will permit financing of the costs before the tax increment financing plan may be approved.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, *a renewal or renovation district,* a mined underground space development district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district *or a renewal or renovation district*, the reasons and supporting facts for the

determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) ~~to (5)~~ *and (2), or subdivision 10a*, must be retained and made available to the public by the authority until the district has been terminated.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Sec. 12. Minnesota Statutes 1989 Supplement, section 469.175, subdivision 4, is amended to read:

Subd. 4. [MODIFICATION OF PLAN.] (a) A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured net tax capacity to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing, and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment, or economic development to another type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 469.174 to 469.179 for adoption of a new plan, including certification of the net tax capacity of the district by the county auditor. If a redevelopment district *or a renewal and renovation district* is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) ~~to (5)~~ *and (2), or subdivision 10a*, must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcels from the project or district and (2)(A) the current net tax capacity of the parcels eliminated from the district equals or exceeds the net tax capacity of those parcels in the district's original net tax capacity or (B) the authority

agrees that, notwithstanding section 469.177, subdivision 1, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area.

(b) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 7, is amended to read:

Subd. 7. [CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.] (a) An authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of or modification to the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substance sites, *including parcels that are contiguous to the site* except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan or plan modification providing for the creation of the hazardous substance subdistrict, the authority must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the authority, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the ~~municipality~~ *authority* to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by an authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the authority in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), but only from the additional tax increment required to be used as described in section 469.176, subdivision 4e. The authority must reimburse the attorney general for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (2), but only from amounts recovered by the authority in an action or, if the amounts are insufficient, from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan. The authority must reimburse the pollution control agency for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e), but only from amounts recovered by the ~~municipality or~~ authority in an action brought under paragraph (e) or from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money paid to the pollution control agency under this paragraph shall be deposited in the environmental response, compensation and compliance fund.

(h) Actions taken by an authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. An authority that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by an authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 14. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

Subd. 8. [PAYMENT OF DEBT SERVICE ON CREDIT ENHANCED BONDS.] *A tax increment financing plan may provide for the use of the tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality, whether or not the tax increment financing district from which the increment is derived is located within the boundaries of the project.*

Sec. 15. Minnesota Statutes Second 1989 Supplement, section 469.176,

subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in paragraphs (b) to (g), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in paragraphs (b) to (g). The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979, unless within the three-year period (1) bonds have been issued pursuant to section 469.178, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, prior to August 1, 1979, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority ~~from a redevelopment district~~ *(1)* after 25 years from date of receipt by the authority of the first tax increment~~, after 25 years from the date of the receipt for a housing district, after 25 years from the date of the receipt~~ for a mined underground space development district, *redevelopment district, or housing district, (2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district, (3)* after 12 years from approval of the tax increment financing plan for a soils condition district, and *(4)* after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding

bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certification under section 469.175, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.175, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

Sec. 16. Minnesota Statutes 1988, section 469.176, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] *(a)* In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following: (1) prepay any outstanding bonds, (2) discharge the pledge of tax increment therefor, (3) pay into an escrow account dedicated to the payment of such bond, or (4) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county, and school district in which the tax increment financing district is located in direct proportion to their respective tax capacity rates. The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

(b) The amounts distributed to a city or county must be deducted from the levy limits of the governmental unit for the following year. In calculating the levy limit base for later years, the amount deducted must be treated as a local government aid payment.

Sec. 17. Minnesota Statutes 1988, section 469.176, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON ADMINISTRATIVE EXPENSES.] *(a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982,* no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a project which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

Sec. 18. Minnesota Statutes 1989 Supplement, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] *(a)* Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if at least ~~25~~ *ten* percent of the buildings and facilities (determined on the basis of square footage) are used for ~~the purposes listed in section 144(a)(8) of the Internal Revenue Code of 1986 (determined without regard to the 25 percent restriction in subparagraph (A)). The restrictions under this paragraph apply only to districts located in~~ *a purpose other than:*

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of property, but excluding retail sales;

(3) research and development or telemarketing if that activity is the exclusive use of the property; or

(4) tourism facilities, if the tourism facility is not located in a development ~~regions~~ *region*, as defined in section 462.384, with ~~populations~~ *a population* in excess of 1,000,000.

The percentage of buildings and facilities that may be used for nonqualifying purposes is increased above ten percent, but not over 25 percent, to the extent the nonqualifying square footage is directly related to and in support of the qualifying activity.

(b) Population must be determined under the provisions of section 477A.011. *Tourism facilities are limited to hotel and motel properties, including ancillary restaurants, convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.*

(c) If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying facilities to be constructed and nonqualified property was constructed on the site in excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90 percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment must be used to prepay or discharge bonds under section 469.176, subdivision 2, paragraph (a), clauses (1) to (3). If no bonds are outstanding, the payment shall be distributed as an excess increment. "Benefit" has the meaning given in chapter 429.

(d) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet

limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 469.176, subdivision 4j, is amended to read:

Subd. 4j. [REDEVELOPMENT DISTRICTS.] At least 90 percent of the revenues derived from tax increments from a redevelopment district *or renewal and renovation district* must be used to finance the cost of correcting conditions that allow designation of redevelopment *and renewal and renovation* districts under section 469.174~~, subdivision 10~~. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the authority may be included in the qualifying costs.

Sec. 20. [469.1762] [ARBITRATION OF DISPUTES OVER COUNTY COSTS.]

If the county and the authority or municipality are unable to agree on either (1) the need for or cost of road improvements under section 469.175, subdivision 1a, or (2) the amount of county administrative costs under section 469.176, subdivision 4h, and the county or municipality demands arbitration, the matter must be submitted to binding arbitration in accordance with sections 572.08 to 572.30 and the rules of the American Arbitration Association. Within 30 days after the demand for arbitration, the parties shall each select an arbitrator or agree upon a single arbitrator. If the parties each select an arbitrator, the two arbitrators shall select a third arbitrator within 45 days after the demand for arbitration. Each party shall pay the fees and expenses of the arbitrator it selected and the parties shall share equally the expenses of the third arbitrator or an arbitrator agreed upon mutually by the parties.

Sec. 21. [469.1763] [RESTRICTIONS ON POOLING; FIVE-YEAR LIMIT.]

Subdivision 1. [DEFINITIONS.] *(a) For purposes of this section, the following terms have the meanings given.*

(b) "Activities" means acquisition of property, clearing of land, site preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law. Activities do not include allocated administrative expenses, but do include engineering, architectural, and similar costs of the improvements in the district.

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] *(a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or*

to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

Subd. 3. [FIVE-YEAR RULE.] *(a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:*

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification and the revenues are spent to repay the bonds;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation; or

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs.

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if one of two tests is met: (1) the proceeds of the original refunded bonds were spent on activities within five years after the district was certified or (2) the original refunded bonds are issued within five years after the district was certified and the proceeds are expended on activities within a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code.

Subd. 4. [USE OF REVENUES FOR DECERTIFICATION.] *Beginning with the sixth year following certification of the district, 75 percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under subdivision 3 must be used only to pay outstanding bonds, as defined in subdivision 3, paragraph (a), clause (2), and paragraph (b) or contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4). When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.*

Sec. 22. Minnesota Statutes 1988, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may~~, upon entering into a development or redevelopment agreement pursuant to section 469.176, subdivision 5,~~ enter into a written assessment agreement in recordable form with ~~the~~ *a* developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a

specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to the land and improvements upon completion shall not be less than $ . . . . . .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, the assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue, or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

Sec. 23. Minnesota Statutes 1989 Supplement, section 469.177, subdivision 9, is amended to read:

Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.] (a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district,

multiplied by

(2) a fraction, the numerator of which is the current tax capacity rate of the governmental unit less the governmental unit's tax capacity rate for the year the original tax capacity rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the tax capacity rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective tax capacity rates.

The school district's tax rate must be divided into the portion of the tax rate attributable (1) to state equalized levies, and (2) unequalized levies. Equalized levies mean the levies identified in section 273.1398, subdivision 2a, and unequalized levies mean the rest of the school district's levies. The calculations under clause (2) must determine the amount of excess taxes attributable to each portion of the school district's tax rate. If one of the portions of the change in the school district tax rate is less than zero and the combined change is greater than zero, the combined rate must be used and all the school district's share of excess taxes allocated to that portion of the tax rate.

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. *In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.*

(c) In the case of distributions to a school district *that are attributable to state equalized levies*, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall ~~be treated as an excess increment for purposes of section 124.214, subdivision 3~~ *be deducted from the school district's state aid payments.*

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 469.177, subdivision 10, is amended to read:

Subd. 10. [PAYMENT TO SCHOOL FOR REFERENDUM LEVY.] *(a)* The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new tax capacity rates or an increase in tax capacity rates after the tax increment financing district was certified.

(b) (1) If there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or ~~(2)~~ if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, ~~or (3) if the referendum increasing the tax capacity rate was approved after the most recent issue of bonds to which increment from the district is pledged. If clause (1) or (2) applies,~~ the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum.

(2) If clause ~~(3) applies~~ *(1) does not apply*, upon approval by a majority

vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum.

(c) The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

Sec. 25. [469.1771] [VIOLATIONS.]

Subdivision 1. [ENFORCEMENT.] *(a) The commissioner of revenue shall enforce the provisions of sections 469.174 to 469.179. In addition, the owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of chapter 469. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.*

(b) The responsibility for financial and compliance auditing of political subdivisions' use of tax increment financing remains with the state auditor. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the commissioner of revenue. The commissioner of revenue may audit an authority's use of tax increment financing.

Subd. 2. [COLLECTION OF INCREMENT.] *If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. This subdivision does not apply to a failure to decertify a district required by the duration limits under section 469.176, subdivision 1.*

Subd. 3. [EXPENDITURE OF INCREMENT.] *If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under section 469.176, (2) for a purpose that is not permitted under section 469.176 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to the expenditures made in violation of the law.*

Subd. 4. [LIMITATIONS.] *(a) If the increments are pledged to repay bonds that were issued before the lawsuit was filed under this section, the damages under this section may not exceed the greatest of (1) the damages under subdivision 2 or 3, (2) ten percent of the expenditures or revenues derived from increment, or (3) the amount of available revenues after paying debt services due on the bonds.*

(b) The court may abate all or part of the amount if it determines the action was taken in good faith and would work an undue hardship on the

municipality.

Subd. 5. [DISPOSITION OF PAYMENTS.] *If the authority does not have sufficient increments or other available moneys to make a payment required by this section, the municipality that approved the district must use any available moneys to make the payment including the levying of property taxes. Money received by the county auditor under this section must be distributed as excess increments under section 469.176, subdivision 2, paragraph (a), clause (4). No distributions may be made to the municipality that approved the tax increment financing district.*

Subd. 6. [APPLICATION.] *This section applies to increments collected from tax increment financing districts and projects for which certification was requested before, on, and after August 1, 1979.*

Sec. 26. [469.1781] [REQUIRED EXPENDITURES FOR NEIGHBORHOOD REVITALIZATION.]

(a) The provisions of this section apply to a city of the first class if the following conditions are met:

(1) the city refunded bonds and revenues, derived from increment from a district for which certification was requested before August 1, 1979, were pledged to pay the bonds;

(2) the refunding bonds were issued after April 1, 1988, and before April 1, 1990;

(3) the refunded bonds' obligations were due and payable in full by the calendar year 2002 and the refunding bonds' obligations are payable, in whole or part, during the calendar years 2001 through 2009; and

(4) the city had in place during 1989 an ordinance providing for excess increments to be distributed under section 469.176, subdivision 2, paragraph (a), clause (4), and the city modified the ordinance to eliminate all or part of the distributions of excess increments.

(b) For calendar years 1990 through 2001, in each year the city must expend for a neighborhood revitalization program, as established under section 27, an amount of revenues derived from tax increments equal to at least:

(1) the amount of the additional principal and interest payments that would have been due for the year on the refunded bonds, if the bonds had not been refunded; and

(2) the amount of money which would have been distributed as excess increments under the city ordinance had it not been modified.

Sec. 27. [469.1831] [NEIGHBORHOOD REVITALIZATION PROGRAMS; FIRST CLASS CITIES.]

Subdivision 1. [DEFINITIONS.] *(a) For the purposes of this section, the following terms have the meanings given them.*

(b) "Neighborhood action plan" means the plan developed with the participation of neighborhood residents under subdivision 6.

(c) "Neighborhood revitalization program" or "program" means the program developed under subdivision 5.

(d) "Neighborhood revitalization program money" or "program money" means the money derived from tax increments required to be expended on

the program under section 26, paragraph (b).

Subd. 2. [ESTABLISHMENT.] *A city of the first class may establish a neighborhood revitalization program authorizing the expenditure of neighborhood revitalization program money. The activities of a program must preserve and enhance within the neighborhood private and public physical infrastructure, public health and safety, economic vitality, the sense of community, and social benefits.*

Subd. 3. [PURPOSES; QUALIFYING COSTS.] *(a) A neighborhood revitalization program may provide for expenditure of program money for the following purposes:*

(1) to eliminate blighting influences by acquiring and clearing or rehabilitating properties that the city finds have caused or will cause a decline in the value of properties in the area or will increase the probability that properties in the area will be allowed to physically deteriorate;

(2) to assist in the development of industrial properties that provide employment opportunities paying a livable income to the residents of the neighborhood and that will not adversely affect the overall character of the neighborhood;

(3) to rehabilitate, renovate, or replace neighborhood commercial and retail facilities necessary to maintain neighborhood vitality;

(4) to eliminate health hazards through the removal of hazardous waste and pollution and return of land to productive use, if the responsible party is unavailable or unable to pay for the cost;

(5) to rehabilitate existing housing and encourage homeownership;

(6) to construct new housing, where appropriate;

(7) to rehabilitate and construct new low-income, affordable rental housing;

(8) to remove vacant and boarded up houses; and

(9) to rehabilitate or construct public facilities necessary to carry out the purpose of the program.

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] *(a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where private investment is occurring without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).*

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision.

Subd. 5. [NEIGHBORHOOD REVITALIZATION PROGRAM; CONTENTS.] *(a) The neighborhood revitalization program must be developed based on the following general principles:*

(1) the social needs of neighborhood residents, particularly lower income residents, must be addressed to provide a safe and healthy environment for neighborhood residents, provide for the self-sufficiency of families, and increase the economic and social stability of neighborhoods;

(2) the children residing in the neighborhoods must be given the opportunity for a quality education and the needs of each neighborhood must be addressed individually wherever possible; and

(3) the physical structure of the neighborhoods must be enhanced by providing safe and suitable housing and infrastructure to increase the desirability of neighborhoods as places to live.

(b) The neighborhood revitalization program must include the following:

(1) the identification of the neighborhoods that require assistance through the program;

(2) a strategy of the citizen participation required under subdivision 6;

(3) the neighborhood action plans required under subdivision 6;

(4) the activities of participating organizations undertaken to address the general principles; and

(5) an evaluation of the success of the neighborhood action plans.

Subd. 6. [CITIZEN PARTICIPATION REQUIRED.] *(a) The neighborhood revitalization program must be developed with the process outlined in this subdivision.*

(b) The development of the program must include the preparation of neighborhood action plans. The city must organize neighborhood planning workshops to prepare the neighborhood action plans. The neighborhood workshops must include the participation of, whenever possible, all populations and interests in each neighborhood including renters, homeowners, people of color, business owners, representatives of neighborhood institutions, youth, and the elderly. The neighborhood action plan must be submitted to the policy board established under paragraph (c). The city must provide available resources, information, and technical assistance to prepare the neighborhood action plans.

(c) Each city that develops a program must establish a policy board whose membership includes members of the city council, county board, school board, and citywide library and park board where they exist appointed by the respective governing bodies; the mayor or designee of the mayor; and a representative from the city's house of representatives delegation and a representative from the city's state senate delegation appointed by the respective delegation. The policy board may also include representatives of citywide community organizations, neighborhood organizations, business owners, labor, and neighborhood residents. The elected officials who are members of the policy board may appoint the other members of the board.

(d) The policy board shall review, modify where appropriate, and approve, in whole or in part, the neighborhood action plans and forward its recommendations for final action to the governing bodies represented on the policy board. The governing bodies shall review, modify where appropriate, and give final approval, in whole or in part, to those actions over which they have programmatic jurisdiction.

Subd. 7. [REVIEW OF PROGRAM COMPLIANCE.] *The policy board must periodically review the activities funded with program money to determine if the expenditure of the program money is in compliance with the neighborhood revitalization program.*

Sec. 28. Laws 1988, chapter 719, article 12, section 30, as amended by Laws 1989, chapter 1, section 11, is amended to read:

Sec. 30. [EFFECTIVE DATES.]

Sections 2, 5, 6, 7, 14, 16, subdivision 4e, 17, and the provisions of section 15 relating to the duration of hazardous substance sites and subdistricts are effective for hazardous substance sites and subdistricts designated and created after the day following final enactment. Except as otherwise specifically provided, sections 1, 3, 4, 8 to 12, 16, and 20 to 23, and the provisions of section 15 applying to soils condition districts are effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county auditor after May 1, 1988. Sections 13, 15, 16, subdivision 4g, 18, 24, and 25, and the provisions of section 21 allowing a change in the fiscal disparities election are effective May 1, 1988, except as otherwise specifically provided. *Section 16, subdivision 4h, is effective beginning with administrative costs incurred on May 1, 1990, and notwithstanding Minnesota Statutes, section 469.179, applies to districts and project areas for which certification was requested before August 1, 1979.* Section 16, subdivision 4i, is effective for districts for which the request for certification is filed with the county after May 1, 1988, and to all increment collected after January 1, 1990. Sections 26 to 28 are effective upon approval by

the city council of the city of Virginia and compliance with Minnesota Statutes, section 645.021. Section 29 is effective the day following final enactment.

Sec. 29. [EXPENDITURE AND REPORT ON NEIGHBORHOOD REVITALIZATION; CITY OF MINNEAPOLIS.]

Subdivision 1. [EXPENDITURE.] *The city of Minneapolis shall reserve $10,000,000 in 1990 and $20,000,000 each year from 1991 to 2009 from tax increment and other revenues generated from the Minneapolis community development agency common project, adopted December 30, 1989, to be expended in neighborhood revitalization. None of these revenues shall be expended in 1990.*

Subd. 2. [REVIEW AND REPORT.] *By January 1, 1991, the city shall review the collaborative process provided under section 27, subdivision 6, involving the county board and school board and citizens in developing priorities for addressing problems of neighborhoods, including housing, safety, drugs, jobs, and education. The city shall report to the legislature by February 1, 1991, on the collaborative process including any changes the city recommends, proposed expenditure of funds, and scope of coordinated activities by county, school, and city.*

Sec. 30. [TRANSITION RULES.]

Subdivision 1. [CIRCLE PINES.] *Section 21 does not apply to a tax increment financing district created in the city of Circle Pines, if the request for certification is filed by June 30, 1990, to the extent increments are used to clear substandard housing and construct a senior citizen housing project located outside of the district.*

Subd. 2. [ECONOMIC DEVELOPMENT; MIXED USE.] *Sections 8, 18, and 21 do not apply to tax increment financing districts established in a development district approved by an authority under Minnesota Statutes, sections 469.124 to 469.134 on February 27, 1989, if the request for certification is filed by May 1, 1992.*

Subd. 3. [COMMERCIAL DEVELOPMENT.] *Sections 15 and 21 do not apply to tax increment financing districts established in a development district approved by an authority under Minnesota Statutes, sections 469.124 to 469.134 on April 24, 1989, if the request for certification is filed by June 1, 1991.*

Subd. 4. [MEDICAL FACILITIES.] *Section 18 does not apply to a tax increment financing district in the city of Mankato to provide assistance to a clinic, medical office, or related facilities, adjacent to a nonprofit hospital, if the request for certification is filed by September 30, 1990.*

Subd. 5. [LAKEVILLE.] *Sections 8 and 18 do not apply to tax increment financing districts in the city of Lakeville created within I-35 Redevelopment Project No. 1 and which are approved by the city, if the request for certification is filed by September 30, 1990.*

Subd. 6. [BURNSVILLE.] *Sections 8 and 18 do not apply to a tax increment financing district established by the city of Burnsville for a development consisting of an amphitheatre and solid waste transfer station, if the request for certification is filed by September 30, 1990.*

Subd. 7. [COOK COUNTY.] *Section 21 does not apply to an authority in Cook county for tax increment financing districts established in a project*

created by law prior to April 30, 1990, if the request for certification is filed by May 1, 1992.

Sec. 31. [EFFECTIVE DATE.]

(a) Section 1 is effective for school year 1991-1992 and for homestead and agricultural credit aid and local government aids for taxes payable in 1991. Sections 2 to 4, 13, 17, 20, 22, 24, and 26 to 30 are effective May 1, 1990. Sections 5 to 12, 14, 15, 18, 19, and 21 are effective for districts for which certification is requested after April 30, 1990. Sections 16 and 23 are effective for distributions of excess taxes or tax increments received after December 31, 1990. Section 25 is effective for violations occurring after December 31, 1990.

(b) Notwithstanding paragraph (a) or section 1, sections 1, 5 to 12, 14, 15, 18, 19, and 21 apply to a district, if the request for certification was made after March 31, 1990, and before May 1, 1990, and none of the following actions were taken by June 1, 1991: (1) the authority entered into a development agreement for a site located in the district, (2) bonds were issued to finance project costs, or (3) the authority acquired property in the district after April 1, 1990.

ARTICLE 8

EDUCATION FUNDING

Section 1. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue a district, *including an intermediate district,* must submit to the commissioner of education an application for aid and levy by June 1 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Sec. 2. Minnesota Statutes 1989 Supplement, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01. *The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.*

Sec. 3. Minnesota Statutes 1988, section 136D.27, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1,

sections *124.83, subdivision 4*, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 4. Minnesota Statutes 1989 Supplement, section 136D.27, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, *124.83*, and chapter 273.

Sec. 5. Minnesota Statutes 1988, section 136D.74, subdivision 2a, is amended to read:

Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections *124.83, subdivision 4*, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the intermediate school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 6. Minnesota Statutes 1989 Supplement, section 136D.74, subdivision 2b, is amended to read:

Subd. 2b. [PROHIBITED STATE AIDS.] Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, *124.83*, and chapter 273.

Sec. 7. Minnesota Statutes 1988, section 136D.87, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections *124.83, subdivision 4*, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 8. Minnesota Statutes 1989 Supplement, section 136D.87, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, *124.83*, and chapter 273.

Sec. 9. Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended by Laws 1963, chapter 645, section 3, Laws 1967, chapter 661, section 3, Laws 1969, chapter 994, section 1, Laws 1975, chapter 320, section 1, Laws 1980, chapter 525, section 2, and Laws 1989, chapter 329, article 5, section 17, is amended to read:

Subd. 10. [SPECIAL SCHOOL DISTRICT NO. 1; MINNEAPOLIS, CITY OF; EXTENDING BONDING AUTHORITY.] As used in this act the word "project" shall mean any proposed new or enlarged school building site, any proposed new school building or any proposed new addition to a school building, and "undertaking" shall mean any other purpose for which bonds may be issued as authorized in this subdivision. Subject to the limitations of subdivision 11, the special independent school district of Minneapolis may issue and sell bonds with the approval of 53 percent of the electors voting on the question at a general school district election or at a school district election held at the same time and place within the district as a state general or primary election, as determined by the board of education. Subject to the provisions of subdivision 11, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year bonds of the district in an amount not to exceed one-half of one percent of the assessed value of the taxable property in the district (plus, for calendar ~~year 1990~~ *years 1990 to 1996*, an amount not to exceed $7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following); provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 11(c). All bonds of the school district shall be payable in not more than 30 years. The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding and equipping of existing school buildings and for the acquisition of sites, construction and equipping of new school buildings, and for acquisition and betterment purposes, and no part of the proceeds shall be used for maintenance. The provisions of this act shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued notwithstanding any provisions to the contrary in any other existing law relating thereto.

Sec. 10. [ST. PAUL BONDING AUTHORIZATION; TAX LEVY FOR DEBT SERVICE.]

Subdivision 1. [BONDING AUTHORIZATION.] *To provide funds to acquire or better facilities, independent school district No. 625 may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed $9,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 625, the first sentence of Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 124, or any*

other law other than Minnesota Statutes, section 475.53, subdivision 4.

Subd. 2. [TAX LEVY FOR DEBT SERVICE.] *To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 625 must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.] *Subdivisions 1 and 2 are effective the day after the governing body of independent school district No. 625 complies with Minnesota Statutes, sections 645.021, subdivision 3.*

Sec. 11. [DULUTH BONDING.]

Subdivision 1. [BONDING AUTHORIZATION.] *To provide funds for the acquisition and betterment, as defined in Minnesota Statutes, section 475.51, subdivisions 7 and 8, of existing and new facilities, independent school district No. 709 may, by two-thirds majority vote of all the members of the school board, issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for calendar years 1990 and 1991 may not exceed $9,600,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 709, Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. If the school board proposes to issue bonds under this section, it must publish a resolution describing the proposed bond issue once each week for two successive weeks in a legal newspaper published in the city of Duluth. The bonds may be issued without the submission of the question of their issue to the electors unless within 30 days after the second publication of the resolution a petition requesting an election signed by a number of people residing in the school district equal to 15 percent of the people registered to vote in the last general election in the school district is filed with the recording officer. If such a petition is filed, no bonds shall be issued under this section unless authorized by a majority of the electors voting on the question at the next general or special election called to decide the issue. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of chapter 124 or any other law other than Minnesota Statutes, section 475.53, subdivision 4, as made applicable to independent school district No. 709 by Laws 1973, chapter 266.*

Subd. 2. [TAX LEVY FOR DEBT SERVICE.] *To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 709 shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

Sec. 12. [TAXPAYER NOTIFICATION.]

Subdivision 1. [APPLICABILITY.] *This section applies to any newly authorized bonding authority granted under section 9 or 10. This newly authorized bonding authority is in addition to any existing bonding authority of a school district.*

Subd. 2. [MEETING.] *A school board must hold a public meeting in each state senate district that is located wholly or partly within the boundaries of the school district. The school board must hold the public meeting to obtain comments and recommendations from residents on the proposed sale of newly authorized bonds described under subdivision 1. The meeting must be in addition to any other scheduled meeting of the school board or its committees. The meeting must be held in an accessible place and at a convenient time for the majority of residents in the affected state senate district. Meetings must be held in each state senate district each year the district sells bonds beginning with calendar year 1990.*

Subd. 3. [NOTICE.] *A school board must prepare and have delivered by mail a notice of the public meeting on the proposed sale of newly authorized bonds to each senate district postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days prior to the scheduled date of the meeting required for each state senate district under subdivision 2. Notice of the meeting in each state senate district also must be posted in the administrative office of the school district and must be published in the official newspaper of the city in which the school district is located twice during the 14 days preceding the date of the meeting.*

The notice must contain the following information:

(1) the proposed amount of bonds to be issued;

(2) the dollar amount of the levy increase necessary to pay the principal and interest on the newly authorized bonds;

(3) the estimated levy amount and net tax capacity rate necessary to make the debt service payments on any existing outstanding debt;

(4) the projected effects on individual property types. The notice must show the projected annual dollar increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartment, and commercial-industrial properties located within each state senate district; and

(5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).

Subd. 4. [BOND AUTHORIZATION.] *A school board may vote to issue bonds newly authorized under section 9 or 10 only after complying with the requirements under subdivisions 2 and 3, and an official record of all the meetings in the school district has been filed with the commissioner of education.*

Sec. 13. [COLERAINE, LAKE SUPERIOR, CHISHOLM, ELY, EVELETH, GILBERT, BABBITT, AND ST. LOUIS COUNTY SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] *Independent school district No. 316, Coleraine, may issue bonds in an aggregate principal amount not exceeding $950,000; independent school district No. 381, Lake Superior, may issue*

bonds in an aggregate principal amount not exceeding $300,000; independent school district No. 695, Chisholm, may issue bonds in an aggregate principal amount not exceeding $3,500,000; independent school district No. 696, Ely, may issue bonds in an aggregate principal amount not exceeding $1,000,000; independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding $3,500,000; independent school district No. 699, Gilbert, may issue bonds in an aggregate principal amount not exceeding $1,000,000; and independent school district No. 692, Babbitt, may issue bonds in an aggregate principal amount not exceeding $500,000.

Subd. 2. [AUTHORIZATION.] *Independent school district No. 710, St. Louis county, may issue bonds in an aggregate amount not to exceed $1,750,000.*

Subd. 3. [USES; PROCESS.] *The bonds authorized under subdivisions 1 and 2 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 2 is not required. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of chapter 475 with respect to the levying of taxes for their payment.*

Subd. 4. [APPROPRIATION.] *There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1 and 100 percent of the principal and interest on the bonds issued under subdivision 2. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.*

Subd. 5. [DISTRICT OBLIGATIONS.] *Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 4, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.*

Subd. 6. [DISTRICT LEVY.] *The school board of each school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school*

tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 7. [LEVY LIMITATIONS.] *Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.*

Subd. 8. [BONDING LIMITATIONS.] *Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.*

Subd. 9. [TERMINATION OF APPROPRIATION.] *The appropriation authorized in subdivision 4 shall terminate upon payment or maturity of the last of those bonds.*

Subd. 10. [LOCAL APPROVAL.] *This section is effective for independent school district No. 316, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 381, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 695, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 696, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 697, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 699, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 692, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 710, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 14. [FUND BALANCE CORRECTION.]

Independent school district No. 624, White Bear Lake, is eligible for reinstatement of the foundation levy lost through the fund balance reduction provisions of the foundation formula for the 1985-1986, 1986-1987, and 1987-1988 school years if the fund balance reduction was the result of either referendum revenues added to the net unappropriated general fund balance or a transfer of funds from the capital expenditure account to the general fund. The district may make a special levy in an amount not to exceed the amount of the levy reduction caused by the tier two foundation levy reductions for the 1985-1986, 1986-1987, and 1987-1988 school years, but not to exceed $1,289,418. The district may levy part of the amount:

(1) in 1990 and the remainder in 1991; or

(2) in 1990 and 1991 and the remainder in 1992.

The district may not receive foundation aid, general education aid, or any

other aid as a result of levying under this section.

ARTICLE 9

COURT FUNDING

Section 1. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(g) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing

body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of

the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8, *as amended by section 14*;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; and

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3).

If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount

levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, as amended by Laws 1990, chapter 480, article 7, section 19, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of $30 for civil and probate filings and $20 for marriage dissolutions.

(f) For taxes levied in 1989 ~~only,~~ by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts

in the county during calendar year 1988. ~~For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.~~

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. *(a)* Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. ~~When the public authority responsible for child support enforcement is a party to any action or proceeding in the district court or according to section 518.551, subdivision 10, no fee is required under this section.~~ The court administrator shall transmit the fees monthly to the ~~county treasurer who shall forward the funds to the~~ state treasurer for deposit in the state treasury and credit to the general fund.

(b) In a county which has a screener-collector position, fees paid by a

county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the state treasurer for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement, medical assistance enforcement, or establishment of parentage in the district court, or child or medical support enforcement conducted by an administrative law judge in an administrative hearing under section 518.551, subdivision 10;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapter 260;

(6) forfeiture of property under sections 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, and 260.251, or other sections referring to other forms of public assistance; or

(8) restitution under section 611A.04.

Sec. 4. Minnesota Statutes 1988, section 477A.012, subdivision 3, is amended to read:

Subd. 3. [AID OFFSET FOR COURT COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost *(1)* of district court administration and operation of the trial court information system in the county and, *(2)* in the case of Hennepin and Ramsey counties, of public defense services in juvenile and misdemeanor cases in the county *and (3) in the case of a county that is located in the eighth judicial district, of the cost of operation of the trial courts in the county during calendar year 1991 less the amount of any special levy under Laws 1989, chapter 335, article 3, section 54, subdivision 8, as amended by section 14.* The amount of ~~the amount of~~ the deduction shall be computed as provided in this subdivision.

(b) By October 15, 1989, the board of public defense shall determine and certify to the department of revenue the cost of the state-financed public defense services in juvenile and misdemeanor cases for Hennepin and Ramsey counties during the fiscal year beginning the following July 1. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the pro rata estimated share for each county of district court administration and trial court information system costs during the fiscal year beginning on the following July 1.

(c) One-half of the amount computed under paragraph (b) for each county shall be deducted from each payment to the county under section 477A.015 in 1990 and each subsequent year. *One-half of the sum of the amounts computed under paragraph (f) shall be deducted from each payment to a county located in the eighth judicial district under section 477A.015 in 1991 only; except that, if the legislature in its 1991 session does not appropriate funds for the operation of the trial courts in the eighth judicial district for the period July 1, 1991, through December 31, 1991, only 25 percent of the sum of the amounts computed under paragraph (f) shall be deducted from each payment to each county in the eighth judicial district.*

(d) If the amount computed under paragraph (b) plus, if applicable, the amount deducted under paragraph (e), exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.

(e) By July 15, 1990, the board of public defense and the supreme court shall determine and certify to the department of revenue the final actual budgeted amounts for the activities described in paragraph (b). If the amount certified under paragraph (b) is greater than the amount certified under this paragraph, the excess shall be deducted from the aid payable to the county in 1991 and each subsequent year under this section. If the amount certified under paragraph (b) is less than the amount certified under this paragraph, the difference shall be added to the aid payable to the county in 1991 and each subsequent year under this section.

(f) By August 15, 1990, the supreme court shall determine and certify to the department of revenue for each county located in the eighth judicial district, the county's pro rata estimated share of the operation of the trial courts in the county for calendar year 1991, less an amount equal to the fees and fines collected by the trial courts in the county during calendar year 1989. By August 15, 1990, the board of public defense shall determine and certify to the department of revenue for each of those counties, the county's pro rata estimated share of the base funding for the cost of court-appointed defense services other than those specified in section 275.51, subdivision 3f, for calendar year 1991.

Sec. 5. Minnesota Statutes 1988, section 611.20, is amended to read:

611.20 [SUBSEQUENT ABILITY TO PAY COUNSEL.]

If at any time after the state public defender or a district public defender has been directed to act, the court having jurisdiction in the matter is satisfied that the defendant or other person is financially able to obtain counsel or to make partial payment for the representation, the court may terminate the appointment of the public defender, unless the person so represented is willing to pay therefor. If a public defender continues the representation, the court shall direct payment for such representation as the interests of justice may dictate. Any payments directed by the court shall be ~~deposited with~~ *recorded by* the court administrator ~~thereof and the court administrator shall forthwith remit the amount thereof to the treasurer of the governmental unit chargeable with the compensation of such public defender for deposit in the treasury to the credit of the general revenue fund of such governmental unit or units~~, *who shall transfer the payments to the governmental unit responsible for the costs of the public defender.*

If at any time after appointment a public defender should have reason to believe that a defendant is financially able to obtain counsel or to make

partial payment for counsel, it shall be the public defender's duty to so advise the court so that appropriate action may be taken.

Sec. 6. Minnesota Statutes 1988, section 611.215, subdivision 1, is amended to read:

Subdivision 1. [STRUCTURE; MEMBERSHIP.] (a) The state board of public defense is a part of, but is not subject to the administrative control of, the judicial branch of government. The state board of public defense shall consist of seven members including:

(1) a district court judge appointed by the supreme court;

(2) four attorneys admitted to the practice of law, well acquainted with the defense of persons accused of crime, but not employed as prosecutors, appointed by the supreme court; and

(3) two public members appointed by the governor.

(b) All members shall demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation. The terms, compensation, and removal of members shall be as provided in section 15.0575. The chair shall be elected by the members from among the membership for a term of two years.

(c) In addition, the state board of public defense shall consist of ~~an 11-member~~ *a nine-member* ad hoc board when considering the appointment of district public defenders under section 611.26, subdivision 2. The terms of district public defenders currently serving shall terminate in accordance with the staggered term schedule set forth in section 611.26, subdivision 2.

Sec. 7. Minnesota Statutes 1989 Supplement, section 611.26, subdivision 2, is amended to read:

Subd. 2. The state board of public defense shall appoint a district public defender. When appointing a district public defender, the state board of public defense membership shall be increased to include two judges of the district ~~and two county commissioners of the counties within the district~~. The additional members shall serve only in the capacity of selecting the district public defender. The judges within the district shall elect their two ad hoc members. ~~The two county commissioners within the district shall be selected by the county boards of the counties within the district.~~ The ad hoc state board of public defense shall appoint a district public defender only after requesting and giving reasonable time to receive any recommendations from the public, the local bar association, *and* the judges of the district~~, and the county commissioners within the district~~. Each district public defender shall be a qualified attorney, licensed to practice law in this state. The district public defender shall be appointed for a term of four years, beginning November 1, pursuant to the following staggered term schedule: (1) in 1987, the third and eighth districts; (2) in 1988, the first and tenth districts; (3) in 1989, the fifth and ninth districts; (4) in 1990, the sixth and seventh districts; (5) in 1991, the second, ~~fourth~~ *third*, and eighth districts; and (6) in 1992, the first, ~~third~~ *fourth*, and tenth districts. The district public defenders shall serve for staggered four-year terms and may be removed for cause upon the order of the state board of public defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

Sec. 8. Minnesota Statutes 1988, section 611.26, subdivision 3, is amended

to read:

Subd. 3. The compensation of the district public defender shall be set by the board of public defense. The compensation of each assistant district public defender shall be set by the district public defender with the approval of the board of public defense. The compensation for district public defenders may not exceed the prevailing compensation for county attorneys within the district, and the compensation for assistant district public defenders may not exceed the prevailing compensation for assistant county attorneys within the district. To assist the board of public defense in determining prevailing compensation under this subdivision, counties shall ~~include in their review and comment on proposed district public defender budgets~~ *provide to the board* information on the compensation of county attorneys, including salaries and benefits, rent, secretarial staff, and other pertinent budget data. For purposes of this subdivision, compensation means salaries, cash payments, and employee benefits including paid time off and group insurance benefits, and other direct and indirect items of compensation including the value of office space provided by the employer.

Sec. 9. Minnesota Statutes 1988, section 611.27, is amended to read:

611.27 [FINANCING THE OFFICES OF DISTRICT PUBLIC DEFENDER.]

Subdivision 1. (a) The total compensation and expenses, including office equipment and supplies, of the district public defender are to be paid by the county or counties comprising the judicial district.

(b) A district public defender shall annually submit a comprehensive budget to the state board of public defense. The budget shall be in compliance with standards and forms required by the board and must, at a minimum, include detailed substantiation as to all revenues and expenditures. The district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

Within ten days after an assistant district public defender is appointed, the district public defender shall certify to the state board of public defense the compensation that has been recommended for the assistant.

(c) The state board of public defense shall transmit the proposed budget of each district public defender to the respective district court administrators and county budget officers for comment before the board's final approval of the budget. The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender that includes all expenses. After the board determines the allocation of the state funds authorized pursuant to paragraph (e), the board shall apportion the expenses of the district public defenders among the several counties and each county shall pay its share in monthly installments. The county share is the proportion of the total expenses that the population in the county bears to the total population in the district as determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's expenses for the services performed in said county.

(d) Reimbursement for actual and necessary travel expenses in the conduct of the office of the district public defender shall be charged to either

(1) the general expenses of the office, (2) the general expenses of the district for which the expenses were incurred if outside the district, or (3) the office of the state public defender if the services were rendered for that office.

(e) Money appropriated to the state board of public defense *for the board's administration, for the state public defender, for the judicial district public defenders,* and ~~the public defender must be spent with the approval of the state board of public defense for the board's administration and for the state public defender and public defense corporations in amounts determined by the board~~ *for the public defense corporations shall be expended as determined by the board.* ~~Funds may also be distributed by the state board of public defense to district public defenders including those in Hennepin and Ramsey counties. In making distributions to district public defenders, priority must be given, to the extent feasible and reasonable, to those districts having the greatest number of felonies and gross misdemeanors, and to those districts having the greatest number of distressed counties designated under section 297A.257. The board shall further consider each district's number of dispositions, such as jury trials, court trials and guilty pleas, the number of court appearances, and other trial-related financial data, and any special needs of districts organized in the calendar year 1987~~ *In distributing funds to district public defenders, the board shall consider the results of the weighted case load study.*

Subd. 2. The state board of public defense, after ~~consultation with the county boards~~ *receiving an appropriation from the legislature for payment of district public defender costs,* shall designate the county officials of one ~~or more counties~~ *county* within the district *as a host county* to ~~pay~~ *reimburse* the expenses of the district public defender. *A county selected by the board must serve as the designee.* The county share assessed under subdivision 1 against each county of the district must be paid to the county treasurer of the designated county. The board may reimburse the designated ~~counties~~ *county* for extra costs incurred. ~~The board must provide for a revolving fund in the custody of the officials of the designated county into which each county must pay an initial deposit and its respective share of the expenses of the office of district public defender and from which the expenses of said office shall be paid in the manner provided in Laws 1965, chapter 869.~~

Subd. 3. If the state public defender or a district public defender deems it necessary to make a motion for a new trial, to take an appeal, or other postconviction proceedings in order to properly represent a defendant or other person whom that public defender had been directed to represent, that public defender may use the transcripts of the testimony and other proceedings filed with the court administrator of the district court as provided by section 243.49.

Subd. 4. [COUNTY PORTION OF COSTS.] ~~The effective date of this section shall be January 1, 1966.~~ *That portion of subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between July 1, 1990, and July 1, 1991. This subdivision only relates to costs associated with felony and gross misdemeanor public defense services and all public defense services in the second, fourth, and eighth judicial districts.*

Sec. 10. Minnesota Statutes 1988, section 611.271, is amended to read:

611.271 [COPIES OF DOCUMENTS; FEES.]

The court administrators of all courts ~~and justices of peace~~ shall furnish upon the request of the ~~office of~~ *district public defender or* the state public defender copies of any documents in their possession ~~and shall bill the office of the state public defender for these copies after they have been furnished. The fees for such documents shall be $2 plus 12 cents for each page of the documents furnished~~ *at no charge to the public defender.*

Sec. 11. Minnesota Statutes 1988, section 629.292, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR DISPOSITION; NOTIFICATION OF PRISONER.] (a) Any person who is imprisoned in a penal or correctional institution or other facility in the department of corrections of this state may request final disposition of any untried indictment or ~~information~~ *complaint* pending against the person in this state. The request shall be in writing addressed to the court in which the indictment or ~~information~~ *complaint* is pending and to the prosecuting attorney charged with the duty of prosecuting it, and shall set forth the place of imprisonment.

(b) The commissioner of corrections or other official designated by the commissioner having custody of prisoners shall promptly inform each prisoner in writing of the source and nature of any untried indictment or ~~information~~ *complaint* against the prisoner of which the commissioner of corrections or such official had knowledge or notice and of the prisoner's right to make a request for final disposition thereof.

(c) Failure of the commissioner of corrections or other such official to inform a prisoner, as required by this section, within one year after a detainer has been filed at the institution shall entitle the prisoner to a final dismissal of the indictment or ~~information~~ *complaint* with prejudice.

Sec. 12. Laws 1989, chapter 335, article 3, section 38, is amended to read:

Sec. 38. [TRANSITION, PUBLIC DEFENDERS; SECOND AND FOURTH DISTRICTS.]

The district public ~~defender~~ *defenders* of the second *and fourth* judicial ~~district~~ *districts* serving on July 1, 1989, shall continue in office until the expiration of ~~the term to which appointed or until August 1, 1991, whichever date is later~~ *their terms.*

~~The district public defender of the fourth judicial district serving on July 1, 1989, shall continue in office until the expiration of the term to which appointed or until August 1, 1991, whichever date is later.~~

Sec. 13. Laws 1989, chapter 335, article 3, section 44, is amended to read:

Sec. 44. [APPLICATION.]

Sections 45 to 54, except the parts of section 54, that by their terms have broader application, apply only in the eighth judicial district for the period from January 1, 1990, to ~~June 30~~ *December 31*, 1991.

Those parts of section 54, having broader application, apply statewide for the period from July 1, 1989, to ~~June 30~~ *December 31*, 1991.

Sec. 14. Laws 1989, chapter 335, article 3, section 54, subdivision 8, is amended to read:

Subd. 8. [LEVY.] ~~During the pilot project~~ *For taxes payable in 1991*

only the counties that make up the eighth judicial district shall continue to levy for and pay the costs to operate the eighth judicial district and public defense services that the state does not fund during the eighth district project. The supreme court shall certify to the counties on or before ~~October 1 of each year~~ *August 15, 1990*, the amount necessary in excess of the state-funded eighth district project costs. The counties are responsible on a per capita prorated basis for the costs that the state is not assuming. These include but are not limited to capital costs, rent, and other associated costs. The county administrator of each of the counties shall consult with the supreme court and the eighth judicial district administrator regarding these costs before setting county budgets and levies for calendar year 1990. *Each county shall pay its assessed share to the state court administrator for the operation of the pilot project on or before May 15, 1991.*

Sec. 15. Laws 1989, chapter 335, article 3, section 58, as amended by Laws 1989, chapter 356, section 67, and Laws 1989, First Special Session chapter 1, article 5, section 48, subdivision 3, is amended to read:

Subd. 3. [JANUARY 1, 1991; ALL DISTRICTS.] That portion of section 6 which amends the first sentence of Minnesota Statutes 1989 Supplement, section 357.021, subdivision 1a, requiring counties to pay filing fees in district court actions is effective January 1, ~~1991~~ *1992*, for counties in all judicial districts.

ARTICLE 10

MISCELLANEOUS

Section 1. Minnesota Statutes Second 1989 Supplement, section 3.885, subdivision 8, is amended to read:

Subd. 8. [POLITICAL SUBDIVISION REPORTING.] No later than November 15, ~~1990~~ *1991*, the commission shall make recommendations to appropriate standing committees of the legislature on any changes in uniform accounting and financial reporting methods necessary to assure public and legislative oversight of expenditures by cities, counties, towns, and special service districts. The recommendations shall consider opportunities for on-line access by appropriate state officers to political subdivision accounts. In preparing these recommendations, the commission shall consult with the state auditor, the legislative auditor, and the commissioners of finance and revenue.

Sec. 2. Minnesota Statutes 1988, section 3.885, is amended by adding a subdivision to read:

Subd. 9. [LOCAL GOVERNMENT RULE APPEALS.] *Any local government may appeal to the commission to review any existing or proposed rule as defined in section 14.02, subdivision 4, on the grounds that the rule imposes a fiscal or administrative burden on local governments which is unnecessary in order for the local governments to accomplish the statewide policy goals and requirements of the statute authorizing the rule. As used in this subdivision, a "local government" is a county, home rule charter or statutory city, or town. The commission may hold a public hearing on a local government's appeal of a rule and may, on the basis of testimony received at the public hearing, suspend any rule by affirmative vote of at least half of its members. The procedures provided in sections 14.40, subdivision 4, 14.42, and 14.43, shall apply to suspension of rules under this subdivision.*

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 3.982, is amended to read:

3.982 [FISCAL NOTES FOR STATE-MANDATED ACTIONS.]

When a bill ~~proposing a new or expanded mandate on a political subdivision~~ is introduced and referred to a standing committee, ~~the head of each affected department or agency of the state government shall~~ *the commissioner of finance shall determine whether the bill proposes a new or expanded mandate on a political subdivision. If the commissioner determines that a new or expanded mandate is proposed, the commissioner shall direct the appropriate department or agency of state government to* prepare a fiscal note identifying the projected fiscal impact of the bill on state government and on the affected political subdivisions. The commissioner of finance shall be responsible for coordinating the fiscal note process, for assuring the accuracy and completeness of the note, and for ensuring that fiscal notes are prepared, delivered, and updated as provided in this section. The fiscal note shall categorize mandates as program or nonprogram mandates and shall include estimates of the levy impacts of the mandates. To the extent that the bill would impose new fiscal obligations on political subdivisions, the note shall indicate the efforts made to reduce those obligations, including consultations made with representatives of the political subdivisions. Chairs of legislative committees receiving bills on rereferrals from other legislative committees may request that fiscal notes be amended to reflect amendments made to the bills by prior committee action. Preparation of the fiscal notes required in this section shall be consistent with section 3.98. The commissioner of finance shall periodically report to and consult with the legislative commission on planning and fiscal policy on the issuance of the notes.

Sec. 4. Minnesota Statutes 1988, section 16A.1541, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget and cash flow reserve account until the total amount in the account equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning in November 1990, forecast unrestricted budgetary general fund balances are first appropriated to *restore the budget and cash flow reserve account to $550,000,000 and then to* reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to 27 percent before money is allocated to the budget and cash flow reserve account under the preceding sentence.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 5. Minnesota Statutes 1989 Supplement, section 115A.981, subdivision 3, is amended to read:

Subd. 3. [AGENCY REPORT.] The agency shall report to the legislative commission on waste management by July 1 of each year on the viability of the state's waste processing and disposal capability, the status of competitive forces in the market including recycling, composting, waste reduction and incineration, the extent to which existing fees for services are sufficient for facility development, engineering, environmental and safety

factors, the progress of the industry in meeting the state's waste management goals, and recommendations for regulations to ensure protection of human health and the environment. In preparing the report, the agency shall consider information received under subdivision 2.

The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h; and

(3) an annual update addressing how each facility is meeting its financial responsibility under section 116.07, subdivision 4h.

Sec. 6. Minnesota Statutes 1988, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] *(a)* The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

(b) The agency shall amend the rules adopted under paragraph (a) to allow a municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, to meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds, provided that the method developed in the rules will ensure that when funds are needed for a contingency action, sufficient bonds can and will be issued by the municipality to meet its responsibility. The rules must include at least:

(1) a requirement that the governing body of the municipality enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs calculated under the rules;

(2) a requirement that the municipality assure that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means;

(3) a requirement that when a municipality opts under the rules to meet a portion of its financial responsibility by relying on its authority to issue

bonds, it shall also begin setting aside funds that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action; and

(4) a requirement that a municipality have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(c) Counties shall comply with existing financial responsibility rules until those rules are amended under paragraph (b), and, after that time, counties shall comply with the amended rules. The method for proving financial responsibility developed under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility.

Sec. 7. [116J.871] [FINANCIAL ASSISTANCE LIMITATIONS; PREVAILING WAGE.]

Subdivision 1. [DEFINITIONS.] *(a) For the purposes of this section, the following terms have the meanings given them.*

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (i) financial assistance for rehabilitation of existing housing or (ii) financial assistance for new housing construction in which total financial assistance at a single project site is less than $100,000.

(c) "Financial assistance" means (i) a grant awarded by a state agency for economic development related purposes if a single business receives $200,000 or more of the grant proceeds; (ii) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives $500,000 or more of the loan proceeds; or (iii) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 268.0111, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, the Greater Minnesota Corporation, and the iron range resources and rehabilitation board.

Subd. 2. [PREVAILING WAGE REQUIRED.] *A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in*

section 177.42, subdivision 6.

Subd. 3. [PREVAILING WAGE; PENALTY.] *It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 to subsequently fail to pay the prevailing wage. This misdemeanor is punishable by a fine of not more than $700, or imprisonment for not more than 90 days, or both. Each day a violation of this subdivision continues is a separate offense.*

Subd. 4. [NOTIFICATION.] *A state agency shall notify any person applying for financial assistance from the state agency of the requirements under subdivision 2 and of the penalties under subdivision 3.*

Subd. 5. [EXCEPTION.] *Nothing in this section denies any financial assistance granted to or qualified for by a person whose construction, installation, remodeling, or repairs commenced prior to August 1, 1990.*

Sec. 8. [STUDY OF PREVAILING WAGE SYSTEM.]

Subdivision 1. [STUDY REQUIRED; CONTENTS.] *The management analysis division of the department of administration shall study and evaluate the prevailing wage system in this state. The study must analyze:*

(1) whether the method of determining prevailing wage rates is adequate and reasonable;

(2) whether current enforcement of the law is consistent with the intent of Minnesota Statutes, sections 177.41 to 177.44; and

(3) the variations in prevailing wage rates among counties in Minnesota and between Minnesota and federal prevailing wage rates.

Subd. 2. [REPORT.] *The commissioner of administration shall report its findings to the legislature by February 1, 1991.*

Subd. 3. [APPROPRIATION.] *$100,000 is appropriated from the general fund to the commissioner of administration to meet the cost of conducting the study.*

Sec. 9. [270.0682] [TAX INCIDENCE REPORTS.]

Subdivision 1. [BIENNIAL REPORT.] *The commissioner of revenue shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality, (2) by income classes, including at a minimum deciles of the income distribution, and (3) by other appropriate taxpayer characteristics.*

Subd. 2. [BILL ANALYSES.] *At the request of the chair of the house tax committee or the senate committee on taxes and tax laws, the commissioner of revenue shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than $20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories.*

The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens.

Subd. 3. [INCOME MEASURE.] *The incidence analyses shall use the broadest measure of economic income for which reliable data is available.*

Sec. 10. Minnesota Statutes 1988, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Subdivision 1. [LIST AND NOTICE.] Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:

State of Minnesota)
) ss.
County of . . . . .)

District Court

. . . . . Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of . . . . . remaining delinquent on the first Monday in January, 19 . . . . . , has been filed in the office of the court administrator of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19 . . . The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of . . . . . county whose address is . . . . . .

(Signed) . . . . . ,

Court Administrator of the District Court of the County

of . . . . . .

(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of . . . . . , on which taxes remain delinquent on the first Monday in January, 19 . . :

Town of (Fairfield),

Township (40), Range (20),

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty $ cts.
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg.	21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

Subdivision 1. (a) For concentrate produced in ~~1986 and 1987~~ *1990* there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~$1.90~~ *$1.975* per gross ton of merchantable iron ore concentrate produced therefrom.

(b) ~~Except as provided in paragraph (c),~~ For concentrates produced in ~~1988~~ *1991* and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax *rate* multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) ~~The provisions of paragraph (b) will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production.~~ The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~$1.90~~ *$1.975* per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 19. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

Subd. 11. [LIMITATIONS; LAST EIGHT MONTHS OF DURATION.] *This subdivision applies only to state tax reductions first authorized by the municipality to be provided to a business within eight months of the expiration of the enterprise zone's designation.*

Before agreeing with a business to provide tax reductions, the municipality must submit the proposed tax reductions to the commissioner for approval. The commissioner shall review and analyze the proposal in light of, at least, (1) the proposed investment that the business will make in the zone, (2) the number and quality of new jobs that will be created in the zone, (3) the overall positive impact on economic activity in the zone, and (4) the extent to which the impacts in clauses (1) to (3) are dependent upon providing the state tax reductions to the business. The commissioner shall

disapprove the proposal if the commissioner determines the public benefits of increased investment and employment resulting from the tax reductions is disproportionately small relative to the cost of the state tax reductions. If the commissioner disapproves of the proposal, the tax reductions are not allowed to the business.

If the municipality submits the proposal to the commissioner before expiration of the zone designation, the authority to grant the tax reductions continues until the commissioner acts on the proposal.

Sec. 20. Minnesota Statutes 1988, section 473.845, subdivision 4, is amended to read:

Subd. 4. [*EXPENDITURE NOTIFICATION AND* COMMISSION RECOMMENDATION.] *(a) The commissioner shall notify the chair and the director of the legislative commission on waste management before making expenditures from the fund.*

(b) The legislative commission on waste management shall make recommendations to the standing legislative committees on finance and appropriations about appropriations from the fund.

Sec. 21. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

Subd. 8. [DEBT LIMIT RESERVATION.] *A municipality may, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, subject to the rules adopted by the pollution control agency under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier. If the municipality reserves its debt limit under this subdivision, the debt limit is computed as if the municipality had issued obligations, subject to the limit, in the amount of the reservation specified in the ordinance. Notwithstanding the amount of market value in the municipality, the reserved amount of the limit is available for issuance of bonds to pay the municipality's response costs.*

Sec. 22. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, or limited partnership, except a family farm corporation or a family farm limited partnership, that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information and documents:

(1) The name of the pension or investment fund, corporation, or limited partnership and its place of incorporation, certification, or registration;

(2) The address of the pension or investment plan headquarters or of the

registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation or limited partnership, the address of its principal office in its place of incorporation, certification, or registration;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the pension or investment fund, limited partnership, or corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, administrators, directors or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) The farm products which the pension or investment fund, limited partnership, or corporation produces or intends to produce on its agricultural land;

(6) With the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3, clauses (a) to (r); and

(7) With the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, a family farm partnership, or authorized farm partnership shall contain the following additional information: The number of shares or the partnership interests owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder or partnership interests owned by each partner; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No pension or investment fund, limited partnership, or corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, or corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, or corporation that does not file the report by April 15 must pay a $500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) *The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late*

filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 23. Laws 1990, chapter 480, article 1, section 3, subdivision 14, is amended to read:

Subd. 14. [VOTER REGISTRATION FORM.] The commissioner shall insert securely in the individual income tax return form or instruction booklet *distributed for an odd-numbered year* a voter registration form, returnable to the secretary of state. The form shall be designed according to rules adopted by the secretary of state. *This requirement applies to forms and booklets supplied to post offices, banks, and other outlets, as well as to those mailed directly to taxpayers.*

Sec. 24. [SALE OF TAX-FORFEITED LAND; OTTER TAIL COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, Otter Tail county may sell the tax-forfeited lands bordering public water and described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The lands that may be conveyed are located in Otter Tail county and are described as:

(1) Lot 13, Sylvanus Crest, Clitherall Township;

(2) Lot 14, Sylvanus Crest, Clitherall Township;

(3) Government Lot 8, Section 32, Township 133, Range 43;

(4) A .36 acre tract of land in Government Ten (10) of Section Four (4), Township One Hundred Thirty-four (134) North, Range Thirty-nine (39) West of the 5th P.M., described as follows: Beginning at a point (iron stake) located as follows: Commencing at the northwest corner (iron) of Lot Seventy-one (71) of "Pleasure Park Beach" subdivision, plat of which is on file and of record in the office of Register of Deeds of Otter Tail County, Minn.; thence proceeding South sixty-six degrees ten minutes West (S 66 degrees 10'W) one hundred thirty-two and five tenths (132.5) feet and South sixty-six degrees forty-one minutes West (S 66 degrees 41'W) one hundred fifty (150.0) feet to the point of beginning; thence running by the following four courses and distances, viz: South twenty-four degrees fourteen minutes East (S 24 degrees 14'E) one hundred ninety-nine and six tenths (199.6) feet to an iron stake on the shoreline of Otter Tail Lake; South fifty-five degrees nineteen minutes West (S 55 degrees 19'W) seventy-five (75.0) feet along the shoreline of said lake, to an iron stake; North twenty-four degrees thirty-four minutes West (N 24 degrees 34'W) two hundred fourteen and four tenths (214.4) feet to an iron stake; and North sixty-six degrees forty-one minutes East (N 66 degrees 41'E) seventy-five (75.0) feet to the point of beginning;

(5) All of Lot 1, Except North 10 feet, Quiram's Beach, Star Lake Township;

Subdivision 1. (a) For concentrate produced in ~~1986 and 1987~~ *1990* there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~$1.90~~ *$1.975* per gross ton of merchantable iron ore concentrate produced therefrom.

(b) ~~Except as provided in paragraph (c),~~ For concentrates produced in ~~1988~~ *1991* and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax *rate* multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) ~~The provisions of paragraph (b) will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production.~~ The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~$1.90~~ *$1.975* per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 19. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

Subd. 11. [LIMITATIONS; LAST EIGHT MONTHS OF DURATION.] *This subdivision applies only to state tax reductions first authorized by the municipality to be provided to a business within eight months of the expiration of the enterprise zone's designation.*

Before agreeing with a business to provide tax reductions, the municipality must submit the proposed tax reductions to the commissioner for approval. The commissioner shall review and analyze the proposal in light of, at least, (1) the proposed investment that the business will make in the zone, (2) the number and quality of new jobs that will be created in the zone, (3) the overall positive impact on economic activity in the zone, and (4) the extent to which the impacts in clauses (1) to (3) are dependent upon providing the state tax reductions to the business. The commissioner shall

disapprove the proposal if the commissioner determines the public benefits of increased investment and employment resulting from the tax reductions is disproportionately small relative to the cost of the state tax reductions. If the commissioner disapproves of the proposal, the tax reductions are not allowed to the business.

If the municipality submits the proposal to the commissioner before expiration of the zone designation, the authority to grant the tax reductions continues until the commissioner acts on the proposal.

Sec. 20. Minnesota Statutes 1988, section 473.845, subdivision 4, is amended to read:

Subd. 4. [*EXPENDITURE NOTIFICATION AND* COMMISSION RECOMMENDATION.] *(a) The commissioner shall notify the chair and the director of the legislative commission on waste management before making expenditures from the fund.*

(b) The legislative commission on waste management shall make recommendations to the standing legislative committees on finance and appropriations about appropriations from the fund.

Sec. 21. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

Subd. 8. [DEBT LIMIT RESERVATION.] *A municipality may, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, subject to the rules adopted by the pollution control agency under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier. If the municipality reserves its debt limit under this subdivision, the debt limit is computed as if the municipality had issued obligations, subject to the limit, in the amount of the reservation specified in the ordinance. Notwithstanding the amount of market value in the municipality, the reserved amount of the limit is available for issuance of bonds to pay the municipality's response costs.*

Sec. 22. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

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(1) The name of the pension or investment fund, corporation, or limited partnership and its place of incorporation, certification, or registration;

(2) The address of the pension or investment plan headquarters or of the

registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation or limited partnership, the address of its principal office in its place of incorporation, certification, or registration;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the pension or investment fund, limited partnership, or corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, administrators, directors or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) The farm products which the pension or investment fund, limited partnership, or corporation produces or intends to produce on its agricultural land;

(6) With the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3, clauses (a) to (r); and

(7) With the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, a family farm partnership, or authorized farm partnership shall contain the following additional information: The number of shares or the partnership interests owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder or partnership interests owned by each partner; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No pension or investment fund, limited partnership, or corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, or corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, or corporation that does not file the report by April 15 must pay a $500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) *The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late*

filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 23. Laws 1990, chapter 480, article 1, section 3, subdivision 14, is amended to read:

Subd. 14. [VOTER REGISTRATION FORM.] The commissioner shall insert securely in the individual income tax return form or instruction booklet *distributed for an odd-numbered year* a voter registration form, returnable to the secretary of state. The form shall be designed according to rules adopted by the secretary of state. *This requirement applies to forms and booklets supplied to post offices, banks, and other outlets, as well as to those mailed directly to taxpayers.*

Sec. 24. [SALE OF TAX-FORFEITED LAND; OTTER TAIL COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, Otter Tail county may sell the tax-forfeited lands bordering public water and described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The lands that may be conveyed are located in Otter Tail county and are described as:

(1) Lot 13, Sylvanus Crest, Clitherall Township;

(2) Lot 14, Sylvanus Crest, Clitherall Township;

(3) Government Lot 8, Section 32, Township 133, Range 43;

(4) A .36 acre tract of land in Government Ten (10) of Section Four (4), Township One Hundred Thirty-four (134) North, Range Thirty-nine (39) West of the 5th P.M., described as follows: Beginning at a point (iron stake) located as follows: Commencing at the northwest corner (iron) of Lot Seventy-one (71) of "Pleasure Park Beach" subdivision, plat of which is on file and of record in the office of Register of Deeds of Otter Tail County, Minn.; thence proceeding South sixty-six degrees ten minutes West (S 66 degrees 10'W) one hundred thirty-two and five tenths (132.5) feet and South sixty-six degrees forty-one minutes West (S 66 degrees 41'W) one hundred fifty (150.0) feet to the point of beginning; thence running by the following four courses and distances, viz: South twenty-four degrees fourteen minutes East (S 24 degrees 14'E) one hundred ninety-nine and six tenths (199.6) feet to an iron stake on the shoreline of Otter Tail Lake; South fifty-five degrees nineteen minutes West (S 55 degrees 19'W) seventy-five (75.0) feet along the shoreline of said lake, to an iron stake; North twenty-four degrees thirty-four minutes West (N 24 degrees 34'W) two hundred fourteen and four tenths (214.4) feet to an iron stake; and North sixty-six degrees forty-one minutes East (N 66 degrees 41'E) seventy-five (75.0) feet to the point of beginning;

(5) All of Lot 1, Except North 10 feet, Quiram's Beach, Star Lake Township;

(6) Lot 1, Silent Acres, Dora Township.

(d) The county has determined that these lands have little or no potential use as a public access or for other types of public ownership and will realize a higher and better use under private ownership.

Sec. 25. [CANCELLATION OF HAYLIFT PROGRAM DEBTS.]

Any remaining balance on a department of agriculture account receivable resulting from operation of the 1989 drought emergency farm haylift program which the department is required to collect is canceled on the effective date of this section.

Sec. 26. [PAYMENT OF THE GREATER MINNESOTA LANDFILL CLEANUP FEE.]

The operator of a disposal facility in greater Minnesota shall pay the fee required under Minnesota Statutes, section 115A.923, subdivision 1, to the county or sanitary district where the facility is located, except that the operator of a facility that is owned by a statutory or home rule city shall pay the fee to the city that owns the facility. The county, city, or sanitary district may use the revenue from the fee only for the purposes specified in section 115A.919.

Sec. 27. [APPROPRIATION TO STEARNS COUNTY FOR KIDNAPPING INVESTIGATION COST.]

$100,000 is appropriated from the general fund to the commissioner of public safety for a grant to Stearns county for the investigation of criminal activity connected with a kidnapping.

Sec. 28. [METRODOME ATHLETIC EVENTS.]

$500,000 is appropriated to the commissioner of trade and economic development to provide part of the state's contribution for the state to host the International Special Olympics in 1991 and the world championship football game sponsored by the national football league in 1992. $250,000 is for each event for fiscal year 1991. Metrodome facilities must be provided to both events at no charge. This appropriation does not cancel and is available through fiscal year 1992.

Sec. 29. [DEPARTMENT OF REVENUE APPROPRIATION.]

There is appropriated from the general fund to the commissioner of revenue the following amounts for the administration of this act.

Total	*Fiscal year 1990*	*Fiscal year 1991*
$400,000	*$125,000*	*$275,000*
Summary by purpose		
Tax incidence study		*$ 50,000*
Corporate AMT		*$105,000*
Taxpayer bill of rights	*$125,000*	*$ 25,000*
Tax increment financing		*$ 45,000*
Renters' credit		*$ 50,000*

The appropriation for administration of the taxpayer bill of rights for fiscal year 1990 is available until June 30, 1991.

Sec. 30. [APPROVED COMPLEMENT.]

The approved complement of the department of revenue is increased by three for fiscal year 1991.

Sec. 31. [BUDGET RESERVE REDUCED.]

Upon adjournment sine die of the 1990 legislature, the commissioner of finance, with the approval of the governor, shall reduce the amount in the budget and cash flow reserve account established in Minnesota Statutes, section 16A.15, subdivision 6, as needed to balance general fund expenditures with revenues for the biennium ending June 30, 1991. Notwithstanding section 16A.15, subdivision 1, paragraph (a), the commissioner need not consult with the legislative advisory commission before making the reduction.

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1988, sections 115A.09, subdivision 5; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; and 115A.928 are repealed.

Laws 1987, chapter 348, section 51, subdivision 5, is repealed.

(b) Section 2 is repealed.

Sec. 33. [EFFECTIVE DATE.]

Section 11 is effective for assessments or other determinations made on or after August 1, 1990. Sections 12 and 13 are effective for purchases after December 31, 1990. Sections 14, 24, and 25 are effective the day following final enactment. Sections 15 and 16 are effective for taxable years beginning after June 30, 1990. Section 17 is effective for taxable years beginning after December 31, 1990. Section 22 is effective the day following final enactment, but the provision allowing for an agreement concerning reduction or waiver of a civil penalty for late filing applies to a filing due April 15, 1989, or thereafter. Section 32, paragraph (b), is effective July 1, 1992."

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; providing a taxpayer bill of rights; updating references to the Internal Revenue Code; imposing an annual fee on corporations and partnerships; changing the computation of state aids to local units of governments; modifying the computation and administration of taxes and property tax refunds; changing tax rates and providing exemptions; requiring payment of the prevailing wage for financial assistance; permitting the cities of Bloomington and Roseville to impose lodging taxes; changing truth-in-taxation requirements; modifying the requirements for the collection and expenditure of tax increments; requiring studies; imposing and transferring powers and duties; changing certain effective dates; allowing the sale of certain tax-forfeited land in Otter Tail county; authorizing special levies by the cities of Bayport, Windom, Rosemount, Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids, and Goodhue, Koochiching, Douglas, Mille Lacs, and Becker counties; authorizing issuance of bonds by the city of Bemidji; Beltrami and Ramsey counties; special school district No. 1, Minneapolis; independent school district No. 625, St. Paul; independent school district No. 709, Duluth; independent school district No. 316, Coleraine; independent school district No. 381, Lake Superior; independent school district No. 695, Chisholm; independent school district No.

696, Ely; independent school district No. 697, Eveleth; independent school district No. 699, Gilbert; independent school district No. 692, Babbitt; and independent school district No. 710, St. Louis county; providing a fund balance correction for independent school district No. 624, White Bear Lake; authorizing transfer of certain Hennepin county money; appropriating money; amending Minnesota Statutes 1988, sections 3.885, by adding a subdivision; 16A.1541; 116.07, subdivision 4h; 124.195, subdivision 7; 136D.27, subdivision 2; 136D.74, subdivision 2a; 136D.87, subdivision 2; 169.86, subdivision 1; 270.07, by adding a subdivision; 270.70, subdivisions 1, 2, 4, 8, and by adding subdivisions; 270.701, by adding a subdivision; 270.709, subdivision 1; 271.12; 271.19; 273.124, by adding subdivisions; 273.1398, by adding a subdivision; 273.42, subdivision 1; 275.065, by adding a subdivision; 275.125, subdivision 10; 275.55; 279.06; 281.17; 289A.11, as added, by adding a subdivision; 290.068, subdivision 1; 290.31, subdivision 1; 290.9725; 290A.03, subdivision 11, and by adding a subdivision; 290A.19; 296.02, subdivision 1a; 296.025, subdivision 1a; 297.07, subdivision 5; 297A.01, subdivisions 15 and 16; 297A.25, subdivision 36, and by adding subdivisions; 298.015, subdivision 1; 298.017; 298.05; 298.24, subdivision 1; 469.043, subdivision 5; 469.059, subdivision 11; 469.129, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivisions 11, 12, and by adding subdivisions; 469.175, subdivision 1a, and by adding a subdivision; 469.176, subdivisions 2 and 3; 469.177, subdivision 8; 473.845, subdivision 4; 475.53, by adding a subdivision; 477A.011, by adding subdivisions; 477A.012, subdivisions 1, 3, and by adding a subdivision; 477A.013, by adding a subdivision; 477A.03, subdivision 1; 477A.11, subdivision 4; 477A.13; 500.24, subdivision 4; 611.20; 611.215, subdivision 1; 611.26, subdivision 3; 611.27; 611.271; and 629.292, subdivision 1; Minnesota Statutes 1989 Supplement, sections 103B.3369, subdivisions 5 and 7; 115A.981, subdivision 3; 124.10, subdivision 2; 124.83, subdivision 6; 136D.27, subdivision 3; 136D.74, subdivision 2b; 136D.87, subdivision 3; 270.10, subdivision 1a; 270.69, subdivision 11; 273.11, subdivision 1; 273.112, subdivision 3; 273.119, subdivision 2; 278.05, subdivision 4; 282.01, subdivision 1; 290.01, subdivision 19; 290.9201, by adding a subdivision; 290A.04, subdivision 5; 375.192, subdivision 2; 462.396, subdivision 2; 469.175, subdivision 4; 469.176, subdivision 4c; 469.177, subdivision 9; 611.26, subdivision 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivision 8; 3.982; 60A.15, subdivision 1; 124.83, subdivision 1; 256.025, subdivision 4; 272.02, subdivision 4; 273.064; 273.123, subdivision 4; 273.13, subdivisions 22, 23, 24, and 25, as amended; 273.1398, subdivisions 1, 2, and 6; 273.371, subdivision 1; 275.065, subdivisions 1, 3, and 6; 275.07, subdivisions 1 and 3; 275.50, subdivision 5; 275.51, subdivisions 3f, as amended, 3h, and 4; 276.04, subdivision 2; 290.05, subdivision 1; 290.06, subdivisions 1 and 21; 290.091, subdivision 2; 290.0921, subdivisions 1, 3, 8, and by adding a subdivision; 290A.04, subdivisions 2a and 2h; 357.021, subdivision 1a; 469.171, subdivision 7a; 469.174, subdivisions 7 and 10; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 4j; 469.177, subdivision 10; 469.190, subdivisions 1, 2, and 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a and 25; 477A.013, subdivisions 3, 5, and 6; Laws 1959, chapter 462, section 3, subdivision 10, as amended; Laws 1988, chapter 719, article 12, section 30, as amended; Laws 1989, chapter 326, article 3, section 49; chapter 335, article 3, sections 38, 44, 54, subdivision 8, and 58, as amended; chapter 353, section 13; Laws 1989, First Special Session chapter 1, article 5, section 52; Laws 1990, chapter 480, article 1, section 3, subdivision 14; and article 8, section 18; proposing

coding for new law in Minnesota Statutes, chapters 116J; 134; 270; 273; 289A; 290; and 469; repealing Minnesota Statutes 1988, sections 115A.09, subdivision 5; 325E.045, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 115A.922; 115A.923, subdivisions 2, 3, 4, and 5; 115A.924; 115A.925; 115A.927; 115A.928; 375.192, subdivision 1; 383A.65; Minnesota Statutes Second 1989 Supplement, sections 273.1398, subdivision 2b; 290.06, subdivision 1a; and 290A.045; Laws 1987, chapter 348, section 51, subdivision 5."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul Anders Ogren, Dee Long, Ann H. Rest, Sidney Pauly, Edgar Olson

Senate Conferees: (Signed) Douglas J. Johnson, Steven G. Novak, Lawrence J. Pogemiller, LeRoy A. Stumpf, William V. Belanger, Jr.

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2478 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2478. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Johnson, D.J. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2478 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 37 and nays 27, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Laidig	Novak	Schmitz
Berg	Frederick	Langseth	Pariseau	Solon
Bertram	Frederickson, D.R.	Lantry	Pehler	Spear
Brandl	Freeman	Luther	Peterson, R.W.	Stumpf
Brataas	Gustafson	Marty	Piper	Waldorf
Cohen	Hughes	Merriam	Pogemiller	
DeCramer	Johnson, D.J.	Moe, D.M.	Purfeerst	
Dicklich	Knaak	Moe, R.D.	Reichgott	

Those who voted in the negative were:

Adkins	Dahl	Knutson	Metzen	Samuelson
Anderson	Davis	Kroening	Morse	Storm
Beckman	Decker	Larson	Olson	Vickerman
Benson	Flynn	Lessard	Piepho	
Berglin	Frederickson, D.J.	McGowan	Ramstad	
Bernhagen	Johnson, D.E.	McQuaid	Renneke	

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

MESSAGES FROM THE HOUSE - CONTINUED

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. 2421, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2421: A bill for an act relating to elections; presidential primary; changing the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 204B.06, by adding a subdivision; 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05.

Senate File No. 2421 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 24, 1990

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Spear moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 2177. The motion prevailed.

MEMBERS EXCUSED

Messrs. Diessner and Mehrkens were excused from the Session of today. Mr. Dahl was excused from the Session of today from 12:45 to 2:00 p.m. Mr. Freeman was excused from the Session of today from 1:00 to 3:15 p.m. Messrs. Lessard and Pogemiller were excused from the Session of today from 7:30 to 8:30 p.m. Messrs. Knaak and Gustafson were excused from the Session of today from 10:15 to 11:45 p.m. Mr. Chmielewski was excused from the Session of today at 8:00 p.m. Mr. Brandl was excused from the Session of today from 1:00 to 5:30 p.m. Mr. Gustafson was excused from the Session of today from 3:55 to 5:45 p.m. Ms. Reichgott was excused from the Session of today from 4:30 to 5:00 p.m. Mr. Johnson, D.J. was excused from the Session of today at 3:20 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:00 a.m., Wednesday, April 25, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate