EIGHTY-SEVENTH DAY

St. Paul, Minnesota, Monday, March 30, 1992

The Senate met at 1:30 p.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. J.A. Riveness.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

Adkins	Day	Johnson, J.B.	Metzen	Renneke
Beckman	DeCramer	Johnston	Moe, R.D.	Riveness
Belanger	Dicklich	Kelly	Mondale	Sams
Benson, D.D.	Finn	Knaak	Morse	Samuelson
Benson, J.E.	Flynn	Kroening	Neuville	Solon
Berg	Frank	Laidig	Novak	Spear
Berglin	Frederickson, D.J.	Langseth	Olson	Stumpf
Bernhagen	Frederickson, D.R.	Larson	Pappas	Terwilliger
Bertram	Gustafson	Lessard	Pariseau	Traub
Brataas	Halberg	Luther	Piper	Vickerman
Chmielewski	Hottinger	Marty	Pogemiller	Waldorf
Cohen	Hughes	McGowan	Price	
Dahl	Johnson, D.E.	Mehrkens	Ranum	
Davis	Johnson, D.J.	Merriam	Reichgott	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2326 and 897. The motion prevailed.

Mr. Dahl from the Committee on Education, to which was re-referred

S.F. No. 1704: A bill for an act relating to local government; authorizing the creation of a neighborhood school readiness board in the city of Minneapolis and special school district No. 1; authorizing the acquisition and betterment and operation of neighborhood school readiness centers; authorizing the pledge and expenditure of local sales and use taxes.

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

Page 1, line 10, delete "SCHOOL READINESS" and insert "EARLY LEARNING"

Page 1, line 11, delete "*school readiness*" and insert "*early learning*"

Page 2, lines 2, 4, 7, 11, 25, and 27, delete "*school readiness*" and insert "*early learning*"

Page 3, line 16, after the period, insert "*The board shall expend a portion of the operating funds received by it from the city and the school district on the services provided under clause (5).*"

Page 3, lines 21, 25, and 32, delete "*school readiness*" and insert "*early learning*"

Page 4, line 4, delete "*school readiness*" and insert "*early learning*"

Amend the title as follows:

Page 1, lines 3 and 6, delete "school readiness" and insert "early learning"

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

Mr. Dahl from the Committee on Education, to which was referred

S.F. No. 2556: A bill for an act relating to education; including in the PER policy a procedure for parents to review the content of instructional materials; amending Minnesota Statutes 1990, section 126.666, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 126.666, subdivision 1, is amended to read:

Subdivision 1. [ADOPTING POLICIES.] A school board shall adopt each year a written PER policy that includes the following:

(1) district curriculum goals;

(2) learner outcomes for each subject area at each grade level that include the essential learner outcomes adopted by the state board under section 126.663, subdivision 2;

(3) a process for evaluating each student's progress toward attaining learner outcomes and for identifying strengths and weaknesses of the curriculum;

(4) a system for establishing a review cycle for all curriculum;

(5) curriculum and instruction improvement plans; ~~and~~

(6) an instruction plan that includes education effectiveness processes developed according to section 121.608 and integration of curriculum and technology; *and*

(7) a procedure for a parent, guardian, or an adult student, 18 years of

age or older, to review the content of the instructional materials to be provided to a minor child or to an adult student and, if the parent, guardian, or adult student objects to the content, to make reasonable arrangements with school personnel for alternative instruction. Alternative instruction may be provided by the parent, guardian, or adult student if the alternative instruction, if any, offered by the school board does not meet the concerns of the parent, guardian, or adult student.

School personnel may not impose an academic or other penalty upon a student merely for arranging alternative instruction under clause (7). School personnel may evaluate and assess the quality of the student's work.

Sec. 2. Minnesota Statutes 1990, section 126.666, subdivision 4, is amended to read:

Subd. 4. [REPORT.] *(a)* By October 1 of each year, the school board shall adopt, using state board standard reporting procedures, a report that includes the following:

(1) learner outcomes adopted for that year;

(2) results of local assessment data, and any additional test data;

(3) the annual school district improvement plans; ~~and~~

(4) information about progress that has been made toward the improvement plans that were previously adopted by the board*; and*

(5) the procedure adopted under subdivision 1, clause (7).

The school board shall publish the report in the local newspaper with the largest circulation in the district or by mail. The report shall be available for inspection by the public. A copy of the report shall be sent to the commissioner of education by October 15 of each year.

(b) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum and Student Performance." The report must include at least the following information about curriculum advisory committee membership:

(1) the name of each committee member and the date when that member's term expires;

(2) the method and criteria the school board uses to select committee members; and

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective for the 1992-1993 school year. Section 2 is effective June 1, 1992."

Delete the title and insert:

"A bill for an act relating to education; including in the PER policy a procedure for parents to review the content of instructional materials; entitling the PER report the "Annual Report on Curriculum and Student Performances"; including in the PER report information about curriculum advisory committee membership; amending Minnesota Statutes 1990, section 126.666, subdivisions 1 and 4."

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

adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1731: A bill for an act relating to public employment; requiring public employers to include certain former employees in the same insurance pool as active employees; amending Minnesota Statutes 1990, sections 43A.27, subdivision 3; and 471.61, by adding a subdivision.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations, shown in the Journal for March 24, 1992, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1790: A bill for an act relating to housing; modifying requirements for lead education, assessment, screening, and abatement; transferring rule authority from the commissioner of the pollution control agency to the commissioner of health; establishing a lead abatement account in the housing development fund; creating a lead abatement and training program; establishing a lead abatement program; creating a lead fund; establishing a lead abatement fee on petroleum storage tanks; establishing a paint tax; providing penalties; amending Minnesota Statutes 1990, sections 144.871, subdivisions 3, 6, 8, and by adding subdivisions; 144.872, subdivisions 1, 2, 3, 4, and by adding a subdivision; 144.873, subdivisions 2 and 3; 144.874, subdivision 4; 144.876; 144.878, subdivision 2, and by adding a subdivision; and 462A.21, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 144.871, subdivision 2; 144.873, subdivision 1; 144.874, subdivisions 1, 2, 3, and 12; 326.87, subdivision 1; and 462A.05, subdivision 15c; proposing coding for new law in Minnesota Statutes, chapters 115C; 144; and 268; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1990, sections 116.51; 116.52; 116.53, subdivision 1; and 144.878, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations, shown in the Journal for March 24, 1992, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1910: A bill for an act relating to retirement; changing the formula governing calculation of postretirement adjustments for certain public pension plans; amending Minnesota Statutes 1990, section 11A.18, subdivision 9.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations, shown in the Journal for March 24, 1992, be amended to read:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2434: A bill for an act relating to retirement; providing continued coverage in the Minnesota state retirement system for certain employees; amending Minnesota Statutes 1990, sections 352.01, subdivision 2a; and 352.04, subdivision 6.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations, shown in the Journal for March 24, 1992, be adopted; that committee recommendation being:

"the bill do pass". Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2451: A bill for an act relating to Dakota county; providing financing for planning activities for the international airport or other transportation; authorizing a regional railroad authority to transfer light rail money.

Reports the same back with the recommendation that the report from the Committee on Metropolitan Affairs, shown in the Journal for March 20, 1992, be amended to read:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2692: A bill for an act relating to energy; providing that energy providers may solicit contributions from customers for fuel funds that distribute emergency energy assistance to low-income households; establishing a statewide fuel fund in the department of jobs and training; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 268.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations, shown in the Journal for March 24, 1992, be amended to read:

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 2324: A bill for an act relating to recreation; establishing a Cuyuna country state recreation area; establishing a new unit in the outdoor recreation system; appropriating money; amending Minnesota Statutes 1990, sections 86A.04; 86A.05, subdivisions 2 and 3; and 86A.08, subdivision 1; Minnesota Statutes 1991 Supplement, section 85.045, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. [CUYUNA COUNTRY STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 8a.] [CUYUNA COUNTRY STATE RECREATION AREA.] *Cuyuna country state recreation area is established in Crow Wing county.*

Subd. 2. [ACQUISITION.] *The commissioner of natural resources is authorized to acquire by gift or purchase the lands for Cuyuna country state recreation area. Purchased lands may be acquired by quitclaim deed or, when practicable, by limited warranty deed or warranty deed. The commissioner must manage the area for multiple recreational use, including hunting, and provide for limited timber harvesting.*

Subd. 3. [MINING.] *The commissioner shall recognize the possibility that mining may be conducted in the future within the Cuyuna country state recreation area, and that use of portions of the surface estate and control of the flowage of water may be necessary for future mining operations.*

Subd. 4. [MANAGEMENT PLAN.] *The commissioner and local area committee must cooperatively develop a comprehensive management plan that provides for multiple use recreation; protection of natural resources; hunting, fishing, and trapping; forest management; interpretation of cultural and historic resources; land acquisition needs; fee structure; and road and facility development. The completed management plan is the master plan for purposes of Minnesota Statutes, section 86A.09.*

Subd. 5. [BOUNDARIES.] *The following described lands are located within the boundaries of Cuyuna country state recreation area:*

That part of Crow Wing county, Minnesota, lying within:

Section 1, Township 46 North, Range 29 West.

EXCEPT that part of the Northwest Quarter lying west of the easterly right-of-way line of the Soo Line Railroad.

EXCEPT the South Half of the Southeast Quarter.

EXCEPT that part of the SE1/4 of the SW1/4 lying east of the easterly line of the Croft Mine Tract.

The Southeast Quarter of Section 2, Township 46 North, Range 29 West.

All of Sections 3 and 4, Township 46 North, Range 29 West.

EXCEPT Government Lot 2, Section 4, Township 46, Range 29.

That part of Section 5, Township 46 North, Range 29 West, lying southeasterly of the existing Township Road running through said Section 5.

Section 8, Township 46 North, Range 29 West.

EXCEPT the Southwest Quarter.

EXCEPT the South Half of the Northwest Quarter.

EXCEPT that part of the North Half of the Northwest Quarter, lying west of an existing Township Road thereof.

All of Section 9, Township 46 North, Range 29 West.

Section 10, Township 46 North, Range 29 West.

EXCEPT the East Half of the Southeast Quarter.

EXCEPT the SW1/4 of the SE1/4.

EXCEPT the SE1/4 of the SW1/4 thereof.

Section 11, Township 46 North, Range 29 West.

EXCEPT the South Half.

EXCEPT the South Half of the Northeast Quarter.

EXCEPT the SE1/4 of the NW1/4.

EXCEPT the North Half of the North Half of the Northwest Quarter.

EXCEPT that part of the NE1/4 of the NE1/4 lying southeasterly of the easterly right-of-way line of the Soo Line Railroad thereof.

That part of Section 16, Township 46 North, Range 29 West, lying northwest of Black Hoof Lake.

Section 19, Township 46 North, Range 29 West.

EXCEPT that part of the Southeast Quarter, lying southerly of the northerly right-of-way line of an existing Township Road.

That part of Section 34, Township 47 North, Range 29 West, bounded as follows:

On the North by the southerly right-of-way line of County State-Aid Highway No. 30.

On the West by the easterly right-of-way line of County State-Aid Highway No. 34.

On the East by the east line of said Section 34.

On the South by the south line of said Section 34.

That part of Section 33, Township 47 North, Range 29 West, lying southeasterly of the easterly right-of-way line of County State-Aid Highway No.

34.

Subject to easements of record for the following County Roads. An easement for C.S.A.H. No. 31 right-of-way purposes over, under and across the east line of said Section 1, also C.S.A.H. No. 30 easement for right-of-way purposes over, under and across the West Half of the Northwest Quarter and the Section line between said Sections 2 and 3, Township 46 North, Range 29 West and the Section line between Sections 34 and 35, Township 47 North, Range 29 West, also for County Road No. 128 right-of-way purposes over, under and across the Section line between said Sections 16 and 17 and between Sections 8 and 17, also C.S.A.H. No. 34 right-of-way purposes over, under and across the Section line between said Sections 4 of Township 46 North, Range 29 West and Section 33 of Township 47 North, Range 29 West; subject to an easement of record for State Highway No. 6 right-of-way purposes over, under and across the East Half of the Southwest Quarter of said Section 1 and the Section line between said sections 1 and 2; subject to any other easements, reservations and restrictions of record; subject to an easement for City of Ironton Street right-of-way purposes over, under and across the SW1/4 of the NW1/4 in Section 11, Township 46 North, Range 29 West, according to the recorded plat thereof.

Subd. 6. [FEE AND RULE EXEMPTION.] *(a) No fee may be charged by the commissioner for use of the Cuyuna country state recreation area before May 1, 1994.*

(b) The Cuyuna country state recreation area is exempt from rules of the commissioner adopted for state parks.

Sec. 2. Minnesota Statutes 1991 Supplement, section 85.045, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of the program is to encourage business and civic groups or individuals to assist, on a volunteer basis, in improving and maintaining state parks, *recreation areas*, monuments, historic sites, and trails.

Sec. 3. Minnesota Statutes 1990, section 86A.04, is amended to read:

86A.04 [COMPOSITION OF SYSTEM.]

The outdoor recreation system shall consist of all ~~natural~~ state parks; ~~recreational~~ state ~~parks~~ *recreation areas*; state trails established pursuant to sections 84.029, subdivision 2, and 85.015; state scientific and natural areas; state wilderness areas; state forests; state wildlife management areas; state water access sites, which include all lands and facilities established by the commissioner of natural resources or the commissioner of transportation to provide public access to water; state wild, scenic, and recreational rivers; state historic sites; and state rest areas, which include all facilities established by the commissioner of transportation for the safety, rest, comfort and use of the highway traveler, and shall include all existing facilities designated as rest areas and waysides by the commissioner of transportation. Each individual ~~natural~~ state park, ~~recreational~~ state ~~park~~ *recreation area*, and so forth is called a "unit."

Sec. 4. Minnesota Statutes 1990, section 86A.05, subdivision 2, is amended to read:

Subd. 2. [~~NATURAL~~ STATE PARK; PURPOSE; RESOURCE AND SITE QUALIFICATIONS; ADMINISTRATION.] (a) A ~~natural~~ state park shall be established to protect and perpetuate extensive areas of the state

possessing those resources which illustrate and exemplify Minnesota's natural phenomena and to provide for the use, enjoyment, and understanding of such resources without impairment for the enjoyment and recreation of future generations.

(b) No unit shall be authorized as a ~~natural~~ state park unless its proposed location substantially satisfies the following criteria:

(1) Exemplifies the natural characteristics of the major landscape regions of the state, as shown by accepted classifications, in an essentially unspoiled or restored condition or in a condition that will permit restoration in the foreseeable future; or contains essentially unspoiled natural resources of sufficient extent and importance to meaningfully contribute to the broad illustration of the state's natural phenomena; and

(2) Contains natural resources, sufficiently diverse and interesting to attract people from throughout the state; and

(3) Is sufficiently large to permit protection of the plant and animal life and other natural resources which give the park its qualities and provide for a broad range of opportunities for human enjoyment of these qualities.

(c) ~~Natural~~ State parks shall be administered by the commissioner of natural resources in a manner which is consistent with the purposes of this subdivision to preserve, perpetuate, and interpret natural features that existed in the area of the park prior to settlement and other significant natural, scenic, scientific, or historic features that are present. Management shall seek to maintain a balance among the plant and animal life of the park and to reestablish desirable plants and animals that were formerly indigenous to the park area but are now missing. Programs to interpret the natural features of the park shall be provided. Outdoor recreation activities to utilize the natural features of the park that can be accommodated without material disturbance of the natural features of the park or the introduction of undue artificiality into the natural scene may be permitted. Park use shall be primarily for aesthetic, cultural, and educational purposes, and shall not be designed to accommodate all forms or unlimited volumes of recreational use. Physical development shall be limited to those facilities necessary to complement the natural features and the values being preserved.

(d) State parks in existence as of July 1, 1992, shall remain as state parks.

Sec. 5. Minnesota Statutes 1990, section 86A.05, subdivision 3, is amended to read:

Subd. 3. [~~RECREATIONAL~~ STATE ~~PARK~~ *RECREATION AREA*; PURPOSE; RESOURCE AND SITE QUALIFICATIONS; ADMINISTRATION.] (a) A ~~recreational~~ state ~~park~~ *recreation area* shall be established to provide a broad selection of outdoor recreation opportunities in a natural setting which may be used by large numbers of people.

(b) No unit shall be authorized as a ~~recreational~~ state ~~park~~ *recreation area* unless its proposed location substantially satisfies the following criteria:

(1) Contains natural or artificial resources which provide outstanding outdoor recreational opportunities that will attract visitors from beyond the local area;

(2) Contains resources which permit intensive recreational use by large numbers of people; and

(3) May be located in areas which have serious deficiencies in public outdoor recreation facilities, provided that ~~recreational~~ state ~~parks~~ *recreation areas* should not be provided in lieu of municipal, county, or regional facilities.

(c) ~~Recreational~~ State ~~parks~~ *recreation areas* shall be administered by the commissioner of natural resources in a manner which is consistent with the purposes of this subdivision primarily to provide as broad a selection of opportunities for outdoor recreation as is consistent with maintaining a pleasing natural environment. Scenic, historic, scientific, scarce, or disappearing resources within ~~recreational~~ state ~~parks~~ *recreation areas* shall be recommended for authorization as historic sites or designated scientific and natural areas pursuant to section 86A.08 to preserve and protect them. Physical development shall enhance and promote the use and enjoyment of the natural recreational resources of the area.

Sec. 6. Minnesota Statutes 1990, section 86A.08, subdivision 1, is amended to read:

Subdivision 1. [SECONDARY AUTHORIZATION; WHEN PERMITTED.] A unit of the outdoor recreation system may be authorized wholly or partially within the boundaries of another unit only when the authorization is consistent with the purposes and objectives of the respective units and only in the instances permitted below:

(a) The following units may be authorized wholly or partially within a ~~natural~~ state park: historic site, scientific and natural area, wilderness area, wild, scenic, and recreational river, trail, rest area, and water access site.

(b) The following units may be authorized wholly or partially within a ~~recreational~~ state ~~park~~ *recreation area*: historic site, scientific and natural area, wild, scenic, and recreational river, trail, rest area, and water access site.

(c) The following units may be authorized wholly or partially within a state forest: ~~natural~~ state park, ~~recreational~~ state ~~park~~ *recreation area*, historic site, wildlife management area, scientific and natural area, wilderness area, wild, scenic, and recreational river, trail, rest area, and water access site.

(d) The following units may be authorized wholly or partially within a state historic site: wild, scenic, and recreational river, trail, rest area, and water access site.

(e) The following units may be authorized wholly or partially within a state wildlife management area: state water access site.

(f) The following units may be authorized wholly or partially within a state wild, scenic, or recreational river: ~~natural~~ state park, historic site, scientific and natural area, wilderness area, trail, rest area, and water access site.

(g) The following units may be authorized wholly or partially within a state rest area: historic site, trail, wild, scenic, and recreational river, and water access site.

Sec. 7. [APPROPRIATION.]

$50,000 is appropriated from the general fund to the commissioner of natural resources for the development and completion of the management plan required under section 1, subdivision 4.

Sec. 8. [EFFECTIVE DATE.]

This act is effective July 1, 1993."

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

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

S.F. No. 651: A bill for an act relating to insurance; requiring the registration of utilization review organizations; defining terms; requiring certificate to be issued by commissioner of commerce; establishing criteria for issuance of certificate; describing application process and fees; stating grounds for expiration, denial, and revocation of certificate; providing for waiver for some contracts with federal government; establishing reporting requirements; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 72A.

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

Delete everything after the enacting clause and insert:

"Section 1. [62M.01] [CITATION, JURISDICTION, AND SCOPE.]

Subdivision 1. [POPULAR NAME.] *Sections 1 to 16 may be cited as the "Minnesota utilization review act of 1992."*

Subd. 2. [JURISDICTION.] *Sections 1 to 16 apply to any insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, that provides utilization review services for the administration of benefits under a health benefit plan as defined in section 2; or any entity performing utilization review on behalf of a business entity in this state pursuant to a health benefit plan covering a Minnesota resident.*

Subd. 3. [SCOPE.] *Sections 2, 7, and 9, subdivision 4, apply to prior authorization of services. Nothing in sections 1 to 16 applies to review of claims after submission to determine eligibility for benefits under a health benefit plan.*

Sec. 2. [62M.02] [DEFINITIONS.]

Subdivision 1. [TERMS.] *For the purposes of sections 1 to 16, the terms defined in this section have the meanings given them.*

Subd. 2. [APPEAL.] *"Appeal" means a formal request, either orally or in writing, to reconsider a determination not to certify an admission, extension of stay, or other health care service.*

Subd. 3. [ATTENDING DENTIST.] *"Attending dentist" means the dentist with primary responsibility for the dental care provided to a patient.*

Subd. 4. [ATTENDING PHYSICIAN.] *"Attending physician" means the*

physician with primary responsibility for the care provided to a patient in a hospital or other health care facility.

Subd. 5. [CERTIFICATION.] *"Certification" means a determination by a utilization review organization that an admission, extension of stay, or other health care service has been reviewed and that it, based on the information provided, meets the utilization review requirements of the applicable health plan.*

Subd. 6. [CLAIMS ADMINISTRATOR.] *"Claims administrator" means an entity that reviews and determines whether to pay claims to enrollees, physicians, hospitals, or others based on the contract provisions of the health plan contract. Claims administrators may include insurance companies licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a fraternal benefit society operating under chapter 64B; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended.*

Subd. 7. [CLAIMANT.] *"Claimant" means the enrollee or covered person who files a claim for benefits or a provider of services who, pursuant to a contract with a claims administrator, files a claim on behalf of an enrollee or covered person.*

Subd. 8. [CLINICAL CRITERIA.] *"Clinical criteria" means the written policies, decision rules, medical protocols, or guidelines used by the utilization review organization to determine certification.*

Subd. 9. [CONCURRENT REVIEW.] *"Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment and has the same meaning as continued stay review.*

Subd. 10. [DISCHARGE PLANNING.] *"Discharge planning" means the process that assesses a patient's need for treatment after hospitalization in order to help arrange for the necessary services and resources to effect an appropriate and timely discharge.*

Subd. 11. [ENROLLEE.] *"Enrollee" means an individual who has elected to contract for, or participate in, a health benefit plan for enrollee coverage or for dependent coverage.*

Subd. 12. [HEALTH BENEFIT PLAN.] *"Health benefit plan" means a policy, contract, or certificate issued by a health carrier to an employer or individual for the coverage of medical, dental, or hospital benefits. A health benefit plan does not include coverage that is:*

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) supplemental to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;

(5) credit accident and health insurance issued under chapter 62B;

(6) blanket accident and sickness insurance as defined in section 62A.11;

(7) accident only coverage issued by a licensed and tested insurance

agent; or

(8) workers' compensation.

Subd. 13. [INPATIENT ADMISSIONS TO HOSPITALS.] *"Inpatient admissions to hospitals" includes admissions to all acute medical, surgical, obstetrical, psychiatric, and chemical dependency inpatient services at a licensed hospital facility, as well as other licensed inpatient facilities including skilled nursing facilities, residential treatment centers, and free standing rehabilitation facilities.*

Subd. 14. [OUTPATIENT SERVICES.] *"Outpatient services" means procedures or services performed on a basis other than as an inpatient, and includes obstetrical, psychiatric, chemical dependency, dental, and chiropractic services.*

Subd. 15. [PRIOR AUTHORIZATION.] *"Prior authorization" means utilization review conducted prior to the delivery of a service, including an outpatient service.*

Subd. 16. [PROSPECTIVE REVIEW.] *"Prospective review" means utilization review conducted prior to an enrollee's inpatient stay.*

Subd. 17. [PROVIDER.] *"Provider" means a licensed health care facility, physician, or other health care professional that delivers health care services to an enrollee or covered person.*

Subd. 18. [QUALITY ASSESSMENT PROGRAM.] *"Quality assessment program" means a structured mechanism that monitors and evaluates a utilization review organization's program and provides management intervention to support compliance with the requirements of this chapter.*

Subd. 19. [RECONSIDERATION REQUEST.] *"Reconsideration request" means an initial request by telephone for additional review of a utilization review organization's determination not to certify an admission, extension of stay, or other health care service.*

Subd. 20. [UTILIZATION REVIEW.] *"Utilization review" means the evaluation of the necessity, appropriateness, and efficacy of the use of health care services, procedures, and facilities, by a person or entity other than the attending physician, for the purpose of determining the medical necessity of the service or admission. Utilization review also includes review conducted after the admission of the enrollee. It includes situations where the enrollee is unconscious or otherwise unable to provide advance notification. Utilization review does not include the imposition of a requirement that services be received by or upon referral from a participating provider.*

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] *"Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing*

utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state.

Sec. 3. [62M.03] [COMPLIANCE WITH STANDARDS.]

Subdivision 1. [LICENSED UTILIZATION REVIEW ORGANIZATION.] *Beginning January 1, 1993, any organization that is licensed in this state and that meets the definition of utilization review organization in section 2, subdivision 21, must comply with sections 1 to 16.*

Subd. 2. [NONLICENSED UTILIZATION REVIEW ORGANIZATION.] *An organization that meets the definition of a utilization review organization under section 2, subdivision 21, that is not licensed in this state that performs utilization review services for Minnesota residents must register with the commissioner of commerce and must certify compliance with sections 1 to 16.*

Initial registration must occur no later than January 1, 1993.

Subd. 3. [PENALTIES AND ENFORCEMENTS.] *If a nonlicensed utilization review organization fails to comply with sections 1 to 16, the organization may not provide utilization review services for any Minnesota resident. The commissioner of commerce may issue a cease and desist order under section 45.027, subdivision 5, to enforce this provision. The cease and desist order is subject to appeal under chapter 14. A nonlicensed utilization review organization that fails to comply with the provisions of sections 1 to 16 is subject to all applicable penalty and enforcement provisions of section 72A.201.*

Sec. 4. [62M.04] [STANDARDS FOR UTILIZATION REVIEW PERFORMANCE.]

Subdivision 1. [RESPONSIBILITY FOR OBTAINING CERTIFICATION.] *A health benefit plan that includes utilization review requirements must specify the process for notifying the utilization review organization in a timely manner and obtaining certification for health care services. In addition to the enrollee, the utilization review organization must allow any licensed hospital, physician or the physician's designee, or responsible patient representative, including a family member, to fulfill the obligations under the health plan.*

A claims administrator that contracts directly with providers for the provision of health care services to enrollees may, through contract, require the provider to notify the review organization in a timely manner and obtain certification for health care services.

Subd. 2. [INFORMATION UPON WHICH UTILIZATION REVIEW IS CONDUCTED.] *If the utilization review organization is conducting routine prospective and concurrent utilization review, utilization review organizations must collect only the information necessary to certify the admission, procedure of treatment, and length of stay.*

(a) Utilization review organizations may request, but may not require, hospitals, physicians, or other providers to supply numerically encoded diagnoses or procedures as part of the certification process.

(b) Utilization review organizations must not routinely request copies of medical records for all patients reviewed. In performing prospective and concurrent review, copies of the pertinent portion of the medical record should be required only when a difficulty develops in certifying the medical

necessity or appropriateness of the admission or extension of stay.

(c) Utilization review organizations may request copies of medical records retrospectively for a number of purposes, including auditing the services provided, quality assurance review, ensuring compliance with the terms of either the health benefit plan or the provider contract, and compliance with utilization review activities. Except for reviewing medical records associated with an appeal or with an investigation or audit of data discrepancies, health care providers must be reimbursed for the reasonable costs of duplicating records requested by the utilization review organization for retrospective review unless otherwise provided under the terms of the provider contract.

Subd. 3. [DATA ELEMENTS.] *Except as otherwise provided in sections 1 to 16, for purposes of certification a utilization review organization must limit its data requirements to the following elements:*

(a) Patient information that includes the following:

(1) name;

(2) address;

(3) date of birth;

(4) sex;

(5) social security number or patient identification number;

(6) name of health carrier or health plan; and

(7) plan identification number.

(b) Enrollee information that includes the following:

(1) name;

(2) address;

(3) social security number or employee identification number;

(4) relation to patient;

(5) employer;

(6) health benefit plan;

(7) group number or plan identification number; and

(8) availability of other coverage.

(c) Attending physician or provider information that includes the following:

(1) name;

(2) address;

(3) telephone numbers;

(4) degree and license;

(5) specialty or board certification status; and

(6) tax identification number or other identification number.

(d) Diagnosis and treatment information that includes the following:

(1) primary diagnosis with associated ICD or DSM coding, if available;

(2) secondary diagnosis with associated ICD or DSM coding, if available;

(3) tertiary diagnoses with associated ICD or DSM coding, if available;

(4) proposed procedures or treatments with ICD or associated CPT codes, if available;

(5) surgical assistant requirement;

(6) anesthesia requirement;

(7) proposed admission or service dates;

(8) proposed procedure date; and

(9) proposed length of stay.

(e) Clinical information that includes the following:

(1) support and documentation of appropriateness and level of service proposed; and

(2) identification of contact person for detailed clinical information.

(f) Facility information that includes the following:

(1) type;

(2) licensure and certification status and DRG exempt status;

(3) name;

(4) address;

(5) telephone number; and

(6) tax identification number or other identification number.

(g) Concurrent or continued stay review information that includes the following:

(1) additional days, services, or procedures proposed;

(2) reasons for extension, including clinical information sufficient for support of appropriateness and level of service proposed; and

(3) diagnosis status.

(h) For admissions to facilities other than acute medical or surgical hospitals, additional information that includes the following:

(1) history of present illness;

(2) patient treatment plan and goals;

(3) prognosis;

(4) staff qualifications; and

(5) 24-hour availability of staff.

Additional information may be required for other specific review functions such as discharge planning or catastrophic case management. Second opinion information may also be required, when applicable, to support benefit plan requirements.

Subd. 4. [ADDITIONAL INFORMATION.] *A utilization review organization may request information in addition to that described in subdivision 3 when there is significant lack of agreement between the utilization review*

organization and the health care provider regarding the appropriateness of certification during the review or appeal process. For purposes of this subdivision, "significant lack of agreement" means that the utilization review organization has:

(1) tentatively determined through its professional staff that a service cannot be certified;

(2) referred the case to a physician for review; and

(3) talked to or attempted to talk to the attending physician for further information.

Nothing in sections 1 to 16 prohibits a utilization review organization from requiring submission of data necessary to comply with the quality assurance and utilization review requirements of chapter 62D or other appropriate data or outcome analyses.

Subd. 5. [SHARING OF INFORMATION.] *To the extent allowed under sections 72A.49 to 72A.505, a utilization review organization shall share all available clinical and demographic information on individual patients internally to avoid duplicate requests for information from enrollees or providers.*

Sec. 5. [62M.05] [PROCEDURES FOR REVIEW DETERMINATION.]

Subdivision 1. [WRITTEN PROCEDURES.] *A utilization review organization must have written procedures to ensure that reviews are conducted in accordance with the requirements of this chapter and section 72A.20, subdivision 4a.*

Subd. 2. [CONCURRENT REVIEW.] *A utilization review organization may review ongoing inpatient stays based on the severity or complexity of the patient's condition or on necessary treatment or discharge planning activities. Such review must not be consistently conducted on a daily basis.*

Subd. 3. [NOTIFICATION OF DETERMINATIONS.] *A utilization review organization must have written procedures for providing notification of its determinations on all certifications in accordance with the following:*

(a) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider.

(b) When a determination is made not to certify a hospital or surgical facility admission or extension of a hospital stay, or other service requiring review determination, within one working day after making the decision the attending physician and hospital must be notified by telephone and a written notification must be sent to the hospital, attending physician, and enrollee or patient. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the attending physician.

Subd. 4. [FAILURE TO PROVIDE NECESSARY INFORMATION.] *A utilization review organization must have written procedures to address the failure of a health care provider, patient, or representative of either to provide the necessary information for review. If the patient or provider will not release the necessary information to the utilization review organization, the utilization review organization may deny certification in accordance with its own policy or the policy described in the health benefit plan.*

Sec. 6. [62M.06] [APPEALS OF DETERMINATIONS NOT TO CERTIFY.]

Subdivision 1. [PROCEDURES FOR APPEAL.] *A utilization review organization must have written procedures for appeals of determinations not to certify an admission, procedure, service, or extension of stay. The right to appeal must be available to the enrollee or designee and to the attending physician. The right of appeal must be communicated to the enrollee or designee or to the attending physician, whomever initiated the original certification request, at the time that the original determination is communicated.*

Subd. 2. [EXPEDITED APPEAL.] *When an initial determination not to certify a health care service is made prior to or during an ongoing service requiring review, and the attending physician believes that the determination warrants immediate appeal, the utilization review organization must ensure that the attending physician, enrollee, or designee has an opportunity to appeal the determination over the telephone on an expedited basis. In such an appeal, the utilization review organization must ensure reasonable access to its consulting physician. Expedited appeals that are not resolved may be resubmitted through the standard appeal process.*

Subd. 3. [STANDARD APPEAL.] *The utilization review organization must establish procedures for appeals to be made either in writing or by telephone.*

(a) Each utilization review organization shall notify in writing the enrollee or patient, attending physician, and claims administrator of its determination on the appeal as soon as practical, but in no case later than 45 days after receiving the required documentation on the appeal.

(b) The documentation required by the utilization review organization may include copies of part or all of the medical record and a written statement from the health care provider.

(c) Prior to upholding the original decision not to certify for clinical reasons, the utilization review organization shall conduct a review of the documentation by a physician who did not make the original determination not to certify.

(d) The process established by a utilization review organization may include defining a period within which an appeal must be filed to be considered. The time period must be communicated to the patient, enrollee, or attending physician when the initial determination is made.

(e) An attending physician who has been unsuccessful in an attempt to reverse a determination not to certify shall, consistent with section 72A.285, be provided the following:

(1) a complete summary of the review findings;

(2) qualifications of the reviewers, including any license, certification, or specialty designation; and

(3) the relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.

(f) In cases where an appeal to reverse a determination not to certify for clinical reasons is unsuccessful, the utilization review organization must ensure that a physician in the same or a similar general specialty as typically

manages the medical condition, procedure, or treatment under discussion is reasonably available to review the case.

Subd. 4. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] *If the utilization review organization and the claims administrator are separate entities, the utilization review organization must forward, electronically or in writing, a notification of certification or determination not to certify to the appropriate claims administrator for the health benefit plan.*

Sec. 7. [62M.07] [PRIOR AUTHORIZATION OF SERVICES.]

Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

(1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;

(2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);

(3) compliance with section 72A.20, subdivision 4a, regarding time frames for approving and disapproving prior authorization requests;

(4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of section 72A.285, regarding release of summary review findings; and

(5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

Sec. 8. [62M.08] [CONFIDENTIALITY.]

Subdivision 1. [WRITTEN PROCEDURES TO ENSURE CONFIDENTIALITY.] *A utilization review organization must have written procedures for ensuring that patient-specific information obtained during the process of utilization review will be:*

(1) kept confidential in accordance with applicable federal and state laws;

(2) used solely for the purposes of utilization review, quality assurance, discharge planning, and case management; and

(3) shared only with those organizations or persons that have the authority to receive such information.

Subd. 2. [SUMMARY DATA.] *Summary data is not subject to this section if it does not provide sufficient information to allow identification of individual patients.*

Sec. 9. [62M.09] [STAFF AND PROGRAM QUALIFICATIONS.]

Subdivision 1. [STAFF CRITERIA.] *A utilization review organization shall have utilization review staff who are properly trained, qualified, and supervised.*

Subd. 2. [LICENSURE REQUIREMENT.] *Nurses, physicians, and other licensed health professionals conducting reviews of medical services, and other clinical reviewers conducting specialized reviews in their area of specialty must be currently licensed or certified by an approved state licensing agency in the United States.*

Subd. 3. [PHYSICIAN REVIEWER INVOLVEMENT.] *A physician must review all cases in which the utilization review organization has concluded that a determination not to certify for clinical reasons is appropriate. The physician should be reasonably available by telephone to discuss the determination with the attending physician.*

Subd. 4. [DENTIST PLAN REVIEWS.] *A dentist must review all cases in which the utilization review organization has concluded that a determination not to certify a dental service or procedure for clinical reasons is appropriate and an appeal has been made by the attending dentist, enrollee, or designee.*

Subd. 5. [WRITTEN CLINICAL CRITERIA.] *A utilization review organization's decisions must be supported by written clinical criteria and review procedures. Clinical criteria and review procedures must be established with appropriate involvement from physicians. A utilization review organization must use written clinical criteria, as required, for determining the appropriateness of the certification request. The utilization review organization must have a procedure for ensuring the periodic evaluation and updating of the written criteria.*

Subd. 6. [PHYSICIAN CONSULTANTS.] *A utilization review organization must use physician consultants in the appeal process described in section 6, subdivision 3. The physician consultants should include, as needed and available, specialists who are board-certified, or board-eligible and working towards certification, in a specialty board approved by the American Board of Medical Specialists or the American Board of Osteopathy.*

Subd. 7. [TRAINING FOR PROGRAM STAFF.] *A utilization review organization must have a formalized program of orientation and ongoing training of utilization review staff.*

Subd. 8. [QUALITY ASSESSMENT PROGRAM.] *A utilization review organization must have written documentation of an active quality assessment program.*

Sec. 10. [62M.10] [ACCESSIBILITY AND ON-SITE REVIEW PROCEDURES.]

Subdivision 1. [TOLL-FREE NUMBER.] *A utilization review organization must provide access to its review staff by a toll-free or collect call telephone line during normal business hours. A utilization review organization must also have an established procedure to receive timely callbacks from providers and must establish written procedures for receiving after-hour calls, either in person or by recording.*

Subd. 2. [REVIEWS DURING NORMAL BUSINESS HOURS.] *A utilization review organization must conduct its telephone reviews, on-site reviews, and hospital communications during hospitals' and physicians' reasonable and normal business hours, unless otherwise mutually agreed.*

Subd. 3. [IDENTIFICATION OF ON-SITE REVIEW STAFF.] *Each utilization review organization's staff must identify themselves by name and by the name of their organization and, for on-site reviews, must carry picture identification and the utilization review organization's company identification card. On-site reviews should, whenever possible, be scheduled at least one business day in advance with the appropriate hospital contact. If requested by a hospital or inpatient facility, utilization review organizations must ensure that their on-site review staff register with the appropriate*

contact person, if available, prior to requesting any clinical information or assistance from hospital staff. The on-site review staff must wear appropriate hospital supplied identification tags while on the premises.

Subd. 4. [ON-SITE REVIEWS.] *Utilization review organizations must agree, if requested, that the medical records remain available in designated areas during the on-site review and that reasonable hospital administrative procedures must be followed by on-site review staff so as to not disrupt hospital operations or patient care. Such procedures, however, must not limit the ability of the utilization review organizations to efficiently conduct the necessary review on behalf of the patient's health benefit plan.*

Subd. 5. [ORAL REQUESTS FOR INFORMATION.] *Utilization review organizations shall orally inform, upon request, designated hospital personnel or the attending physician of the utilization review requirements of the specific health benefit plan and the general type of criteria used by the review agent. Utilization review organizations should also orally inform, upon request, hospitals, physicians, and other health care professionals of the operational procedures in order to facilitate the review process.*

Subd. 6. [MUTUAL AGREEMENT.] *Nothing in this section limits the ability of a utilization review organization and a provider to mutually agree in writing on how review should be conducted.*

Sec. 11. [62M.11] [COMPLAINTS TO COMMERCE OR HEALTH.]

Notwithstanding the provisions of sections 1 to 16, an enrollee may file a complaint regarding a determination not to certify directly to the commissioner responsible for regulating the utilization review organization.

Sec. 12. [62M.12] [PROHIBITION OF INAPPROPRIATE INCENTIVES.]

No individual who is performing utilization review may receive any financial incentive based on the number of denials of certifications made by such individual, provided that utilization review organizations may establish medically appropriate performance standards. This prohibition does not apply to financial incentives established between health plans and their providers.

Sec. 13. [62M.13] [SEVERABILITY.]

If any provisions of sections 1 to 16 are held invalid, illegal, or unenforceable for any reason and in any respect, the holding does not affect the validity of the remainder of sections 1 to 16.

Sec. 14. [62M.14] [EFFECT OF COMPLIANCE.]

Evidence of a utilization review organization's compliance or noncompliance with the provisions of sections 1 to 16 shall not be determinative in an action alleging that services denied were medically necessary and covered under the terms of the enrollee's health benefit plan.

Sec. 15. [62M.15] [APPLICABILITY OF OTHER CHAPTER REQUIREMENTS.]

The requirements of this chapter regarding the conduct of utilization review are in addition to any specific requirements contained in chapter 62A, 62C, 62D, or 72A.

Sec. 16. [62M.16] [RULEMAKING.]

If it is determined that rules are reasonable and necessary to accomplish the purpose of sections 1 to 16, the rules must be adopted through a joint rulemaking process by both the department of commerce and the department of health.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective January 1, 1993."

Delete the title and insert:

"A bill for an act relating to insurance; regulating utilization review services; providing standards and procedures; regulating appeals of determinations not to certify; regulating prior authorization of services; prescribing staff and program qualifications; proposing coding for new law as Minnesota Statutes, chapter 62M."

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

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

S.F. No. 2496: A bill for an act relating to housing; modifying provisions of rehabilitation loans, lease-purchase housing, and urban and rural homesteading; limiting use of emergency rules; modifying limitations on the use of bond proceeds; modifying provisions of publicly-owned transitional housing program; modifying provisions for neighborhood land trusts; increasing the debt ceiling of the Minnesota housing finance agency; amending Minnesota Statutes 1990, sections 462A.03, subdivision 7; 462A.05, subdivision 14a; 462A.06, subdivision 11; 462A.202, subdivision 2; and 462A.22, subdivision 1; Minnesota Statutes 1991 Supplement, sections 462A.05, subdivision 36; 462A.073, subdivision 2; and 462A.30, subdivisions 6 and 9; repealing Minnesota Statutes 1990, section 462A.057, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, and 10; and Laws 1991, chapter 292, article 9, section 35.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

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

S.F. No. 2166: A bill for an act relating to public employment; providing an early retirement incentive for certain public employees; amending Minnesota Statutes 1990, section 275.125, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5.

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

Page 1, line 15, delete "*5*" and insert "*3*"

Pages 4 to 11, delete sections 3 and 4

Page 11, line 14, delete "*to 4*" and insert "*and 2*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete the semicolon and insert a period

Page 1, delete lines 4 to 6

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

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

S.F. No. 2144: A bill for an act relating to metropolitan government; authorizing the acquisition and betterment of transit facilities and equipment and providing financing for their cost; amending Minnesota Statutes 1990, section 473.39.

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

Page 3, after line 27, insert:

"Sec. 2. [FIVE-YEAR CAPITAL EXPENDITURE PROGRAM; REPORT.]

The legislature intends to support the five-year capital expenditure program developed by the metropolitan council, the regional transit board, and the metropolitan transit commission. This program is projected to require $116,500,000 in certificates of indebtedness, bonds, or other obligations issued by the council.

By February 1, 1994, the metropolitan transit commission shall submit a report to the legislature analyzing whether ridership in areas served by the commission has increased as a result of implementing customer-oriented policies."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "stating the intent of the legislature; requiring a report;"

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

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

S.F. No. 1993: A bill for an act relating to transportation; providing tax incentives for the use of alternative means of commuting; directing the regional transit board to establish a program to reduce traffic congestion; prohibiting right turns in front of buses; providing public transit operations priority in the event of an energy supply emergency; establishing a demonstration enforcement project for high occupancy vehicle lane use; amending Minnesota Statutes 1990, sections 169.01, by adding a subdivision; 169.19, subdivision 1; 216C.15, subdivision 1; and 290.01, subdivision 19b, and by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 169.346, subdivision 1; and 290.01, subdivision 19d; proposing coding for new law in Minnesota Statutes, chapters 169; 290; and 473.

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

Pages 2 to 7, delete sections 3 to 6

Page 7, line 24, delete "7" and insert "3"

Page 7, line 25, delete "10" and insert "6"

Page 7, line 35, delete "9" and insert "5"

Page 8, line 2, delete "8" and insert "4"

Page 8, line 13, delete "COMMUTER TRIP" and insert "CONGESTION"

Page 8, line 17, after "with" insert "employees and labor representatives in the metropolitan area,"

Page 9, line 1, before "The" insert "After reasonable notice and a public hearing on the proposed zones and vehicle occupancy rate goals,"

Page 9, line 12, delete "8" and insert "4"

Page 9, line 29, delete "COMMUTER TRIP" and insert "CONGESTION"

Page 10, delete lines 15 to 21

Page 10, lines 30, 32, 35, and 36, delete "8" and insert "4"

Page 11, line 3, delete "7 to 11" and insert "3 to 7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "providing tax incentives"

Page 1, delete line 3

Page 1, line 12, after the first "1;" insert "and" and delete "and 290.01, subdivision"

Page 1, line 13, delete "19b, and by adding a subdivision;"

Page 1, line 14, delete "sections" and insert "section" and delete "; and"

Page 1, line 15, delete "290.01, subdivision 19d"

Page 1, line 16, delete "290;"

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

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

S.F. No. 2702: A bill for an act relating to local governments; reimbursing costs incurred by peace officers in defending civilian complaints; amending Minnesota Statutes 1990, section 471.44.

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

Page 2, lines 3 and 4, delete "or other independent agency or commission"

Page 2, line 7, delete everything after the first "the" and insert "complaint is not upheld."

Page 2, delete lines 8 and 9

Page 2, line 11, delete everything after the period and insert "This subdivision is effective if the home rule charter or statutory city, town, or

county approves application of the subdivision."

Page 2, delete line 12

Page 2, line 14, before the period, insert "*and applies in a home rule charter or statutory city, town, or county that approves its application in accordance with the procedures of Minnesota Statutes, section 645.021*"

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "permitting local governments to require the payment of legal fees incurred by peace officers who are the subject of investigation by a civilian review authority"

Page 1, delete line 3

Page 1, line 4, delete "complaints"

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

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

S.F. No. 2468: A bill for an act relating to human rights; defining certain terms; clarifying certain discriminatory practices; amending Minnesota Statutes 1990, sections 363.01, subdivision 35, and by adding subdivisions; 363.02, subdivision 1; 363.03, subdivisions 1, 2, 3, 4, and 10.

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

Page 3, after line 16, insert:

"*Subd. 41a.* [SPECIFIED PUBLIC TRANSPORTATION.] "*Specified public transportation*" *means transportation by bus, rail, or any other conveyance other than aircraft that provides the general public with general or special service, including charter service, on a regular and continuing basis.*

Sec. 9. Minnesota Statutes 1990, section 363.01, is amended by adding a subdivision to read:"

Page 3, line 17, delete "*41a*" and insert "*41b*"

Page 3, after line 26, insert:

"Sec. 10. Minnesota Statutes 1990, section 363.01, is amended by adding a subdivision to read:

Subd. 44. [VEHICLE.] "*Vehicle*" *does not include a rail passenger car, railroad locomotive, railroad freight car, railroad caboose, or railroad car.*"

Page 17, line 36, delete "*accommodations, including*" and insert "*modifications, provide*"

Page 18, delete lines 1 to 4 and insert "*auxiliary aids and services, and remove barriers, consistent with section 363.03, subdivision 3, paragraph (c);*

(3) the purchase or lease of a new vehicle, other than an automobile or van with a seating capacity of fewer than eight passengers, including the driver, or an over-the-road bus, that is to be used to provide"

Page 18, line 14, delete "*(3)*" and insert "*(4)*"

Page 18, line 28, delete "*(4)*" and insert "*(5)*"

Page 18, line 36, delete "*less*" and insert "*fewer*"

Page 19, line 8, delete "*(5)*" and insert "*(6)*"

Renumber the sections in sequence

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1959: A bill for an act relating to natural resources; providing for the management of ecologically harmful exotic species; requiring rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 18.317, subdivisions 1, 2, 3, 5, and by adding a subdivision; 86B.401, subdivision 11; Minnesota Statutes 1991 Supplement, section 84.9691; proposing coding for new law in Minnesota Statutes, chapters 84; and 97A.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 18.317, subdivision 1, is amended to read:

Subdivision 1. [TRANSPORTATION PROHIBITED.] *(a)* Except as provided in subdivision 2, a person may not transport Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, *zebra mussels, or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources,* on a road or highway, as defined in section 160.02, subdivision 7, or on forest roads.

(b) For the purposes of this section, "ecologically harmful exotic species" has the meaning given in section 84.967.

Sec. 2. Minnesota Statutes 1990, section 18.317, subdivision 2, is amended to read:

Subd. 2. [EXCEPTION.] *(a)* A person may transport Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, *or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources,* for disposal as part of a harvest or control activity.

(b) The prohibition in subdivision 1, paragraph (a), does not apply to transportation of Northern water milfoil on a weed harvester that is used only on bodies of water that are not infested with Eurasian water milfoil, zebra mussels, or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources.

Sec. 3. Minnesota Statutes 1990, section 18.317, subdivision 3, is amended to read:

Subd. 3. [LAUNCHING OF WATERCRAFT WITH EURASIAN OR NORTHERN WATER MILFOIL PROHIBITED.] (a) A person may not place a trailer or launch a watercraft with Eurasian or Northern water milfoil, *zebra mussels, or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources* attached into waters

of the state. A conservation officer or other licensed peace officer may order the removal of Eurasian or Northern water milfoil, *zebra mussels, or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources,* from a trailer or watercraft before ~~being~~ *the trailer or watercraft is* placed or launched into waters of the state.

(b) The prohibition in paragraph (a) does not apply to a weed harvester with Northern water milfoil attached if the harvester is used only on bodies of water that are not infested with Eurasian water milfoil, zebra mussels, or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources.

~~(b)~~ *(c)* For purposes of this section, the meaning of watercraft includes a float plane and "waters of the state" has the meaning given in section 103G.005, subdivision 17.

Sec. 4. Minnesota Statutes 1990, section 18.317, is amended by adding a subdivision to read:

Subd. 3a. [INSPECTION OF WATERCRAFT AND EQUIPMENT.] *(a) Licensed watercraft and associated equipment, including weed harvesters, that are removed from waters of the state that are identified as being contaminated with Eurasian water milfoil, or other water-transmitted ecologically harmful exotic species identified by the commissioner of natural resources, must be inspected as described in paragraph (b).*

(b) From May 1 to October 15, on the infested bodies of water that the commissioner determines have the greatest potential for transmitting ecologically harmful exotic species:

(1) the owner or operator of a commercial access point is responsible for ensuring that watercraft and associated equipment leaving the commercial access point are inspected by personnel trained in inspection for ecologically harmful exotic species; and

(2) watercraft and associated equipment leaving public access points must be randomly inspected by personnel authorized by the commissioner of natural resources.

(c) A conservation officer or other licensed peace officer may order an inspection under paragraph (b), clause (1).

Sec. 5. Minnesota Statutes 1990, section 18.317, subdivision 5, is amended to read:

Subd. 5. [PENALTY.] A person who violates subdivision 1 ~~or~~, 3, *or 3a* is guilty of a misdemeanor. A person who refuses to obey the order of a peace officer or conservation officer to remove Eurasian or Northern water milfoil, *or other aquatic ecologically harmful exotic species designated by the commissioner,* from a trailer or watercraft is guilty of a misdemeanor.

Sec. 6. Minnesota Statutes 1991 Supplement, section 84.968, is amended to read:

84.968 [ECOLOGICALLY HARMFUL EXOTIC SPECIES MANAGEMENT PLAN.]

(a) By January 1, 1993, a long-term statewide ecologically harmful exotic species management plan must be prepared by the commissioner of natural resources and address the following:

(1) coordinated detection and prevention of accidental introductions;

(2) coordinated dissemination of information about ecologically harmful exotic species among resource management agencies and organizations;

(3) a coordinated public awareness campaign regarding ecologically harmful exotic animals and aquatic plants;

(4) a process, where none exists, to designate and classify ecologically harmful exotic species into the following categories:

(i) undesirable wild animals that must not be sold, propagated, possessed, or transported; and

(ii) undesirable aquatic exotic plants that must not be sold, propagated, possessed, or transported;

(5) coordination of control and eradication of ecologically harmful exotic species on public lands and public waters; and

(6) development of a list of exotic wild animal species intended for nonagricultural purposes, or propagation for release by state agencies or the private sector.

(b) The plan prepared under paragraph (a) must include containment strategies that include:

(1) participation by lake associations, local citizen groups, and local units of government in the development and implementation of lake management plans;

(2) a reasonable and workable inspection requirement for boats and equipment participating in organized events on waters of the state;

(3) allowing access points infested with ecologically harmful exotic species to be closed, for not more than a total of seven days during an open water season, for control or eradication purposes, and requiring posting of signs stating the reason for closing the access;

(4) provisions for reasonable weed-free maintenance of public accesses to infested waters; and

(5) notice to travelers of the penalties for violation of laws relating to ecologically harmful exotic species.

Sec. 7. Minnesota Statutes 1991 Supplement, section 84.9691, is amended to read:

84.9691 [RULEMAKING.]

(a) The commissioner of natural resources may adopt rules~~, including emergency rules,~~ to restrict the introduction, propagation, use, possession, and spread of ecologically harmful exotic animals and aquatic plants in the state.

(b) The commissioner shall adopt rules to identify bodies of water with limited infestation of Eurasian water milfoil. The rules must require that infested areas that are covered by a control program be marked as prohibited for use by watercraft.

Sec. 8. Minnesota Statutes 1990, section 86B.401, subdivision 11, is amended to read:

Subd. 11. [SUSPENSION FOR NOT *INSPECTING FOR OR* REMOVING ~~EURASIAN OR NORTHERN WATER MILFOIL~~ *HARMFUL EXOTIC SPECIES.*] The commissioner, after notice and an opportunity for hearing, may

suspend for a period of not more than one year the license of a watercraft if the owner or person in control of the watercraft or its trailer refuses to comply with an *inspection* order of a conservation officer or other licensed peace officer *or an order* to remove Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, *zebra mussels, or other ecologically harmful exotic species identified by the commissioner,* from the watercraft or its trailer as provided in section 18.317, subdivision 3.

Sec. 9. Minnesota Statutes 1991 Supplement, section 86B.415, subdivision 7, is amended to read:

Subd. 7. [WATERCRAFT SURCHARGE.] A surcharge of ~~$2~~ *$4* is placed on each watercraft licensed under subdivisions 1 to 5 *except canoes and kayaks* for control, public awareness, law enforcement, monitoring, and research of nuisance aquatic exotic species such as zebra mussel, purple loosestrife, and Eurasian water milfoil in public waters and public wetlands. *Not more than $140,000 of the revenue from the surcharge may be spent for management of purple loosestrife.*

Sec. 10. [APPROPRIATION.]

$ . . . . . is appropriated to the commissioner of natural resources for the purposes of sections 1 to 9, to be available until June 30, 1994. Fifty percent of the appropriation is from the water recreation account and 50 percent is from the general fund."

Delete the title and insert:

"A bill for an act relating to natural resources; providing for the management of ecologically harmful exotic species; requiring rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 18.317, subdivisions 1, 2, 3, 5, and by adding a subdivision; 86B.401, subdivision 11; Minnesota Statutes 1991 Supplement, sections 84.968; 84.9691; and 86B.415, subdivision 7."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 2193: A bill for an act authorizing a conveyance of state lands to the city of Biwabik.

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

Delete everything after the enacting clause and insert:

"Section 1. [SALE OF TAX-FORFEITED LAND; BIWABIK.]

(a) Notwithstanding Minnesota Statutes, section 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may convey the tax-forfeited land described in paragraph (c) to the city of Biwabik. The land is located in the city of Biwabik in St. Louis county.

(b) The land described in paragraph (c) may be conveyed by quitclaim deed in a form approved by the attorney general. The consideration for the conveyance must be the appraised value of the land plus the cost of appraisal.

(c) The land that may be conveyed is the land described as follows, except for any state highway right-of-way:

the NW 1/4 of the SW 1/4 of section 1;

the NE 1/4 of the SE 1/4 of section 2; and

the SW 1/4 of the SE 1/4 of section 2,

all in Township 58 North of Range 16 West.

Sec. 2. [SALE OF TAX-FORFEITED LANDS: LEECH LAKE BAND OF CHIPPEWA INDIANS.]

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, Hubbard county may convey by private sale the tax-forfeited land described in paragraph (c).

(b) The land described in paragraph (c) may be conveyed by private sale to the Leech Lake Band of Chippewa Indians for not less than the appraised value. The conveyance must be in a form approved by the attorney general.

(c) The land that may be conveyed is located in Hubbard county and is described as: the south half of the northwest quarter of the southeast quarter, Section 13, Township 145 North, Range 32 West of the Fifth Principal Meridian, Hubbard county, Minnesota, containing 20 acres, more or less.

(d) The land is contiguous to the Leech Lake landfill and there has been some inadvertent encroachment of the landfill onto the land. The land is needed to provide cover materials for closing the landfill.

Sec. 3. [SALE OF TAX-FORFEITED LAND IN ITASCA COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Itasca county may convey by private sale the tax-forfeited land bordering public waters described in paragraph (c).

(b) The land described in paragraph (c) may be sold by private sale to the owners of units in Pokegama Commons condominium in Itasca county, or their assigns. The conveyance must be in a form approved by the attorney general.

(c) The land that may be conveyed is described as:

The COMMON ELEMENTS as shown on CONDOMINIUM NO. 4 POKEGAMA COMMONS, A CONDOMINIUM, according to the recorded condominium thereof, Itasca County, Minnesota being that part of the Northwest Quarter of the Northeast Quarter of Section 26, Township 54, Range 26, Itasca County, Minnesota, lying North of County Road Number 17, and that part of Government Lot 5, Section 23, Township 54, Range 26, Itasca County, Minnesota, lying South of the South line of THE PLAT OF SHERRY'S ARM, according to the plat thereof on file and of record in the office of the County Recorder, Itasca County, Minnesota, as now monumented and laid out, excepting therefrom the following described tracts.

Commencing at the Southwest corner of said Government Lot 5; thence on an assumed bearing of North 2 degrees 32 minutes 59 seconds West along the West line of said Government Lot 5, a distance of 141.11 feet to the point of beginning of the land to be described; thence North 47 degrees 04 minutes 41 seconds East a distance of 322.40 feet; thence North 42 degrees

55 minutes 19 seconds West, a distance of 122.09 feet; thence North 47 degrees 04 minutes 41 seconds East, a distance of 200.09 feet; thence South 42 degrees 55 minutes 19 seconds East, a distance of 268.53 feet; thence Northerly, a distance of 47.64 feet, along a nontangential curve concave to the Northwest, having a radius of 315.84 feet and a central angle of 8 degrees 38 minutes 34 seconds, the chord of said curve bearing North 16 degrees 50 minutes 55 seconds East; thence North 12 degrees 31 minutes 37 seconds East, tangent to the last described curve, a distance of 498.59 feet; thence North 77 degrees 28 minutes 23 seconds West, a distance of 255.00 feet; thence South 12 degrees 31 minutes 37 seconds West a distance of 266.96 feet; thence West to the West line of said Government Lot 5; thence southerly along said West line of Government Lot 5 to the point of beginning.

AND

Commencing at the Southwest corner of said Government Lot 5; thence on an assumed bearing of North 2 degrees 32 minutes 59 seconds West along the West line of said Government Lot 5, a distance of 141.11 feet; thence North 47 degrees 04 minutes 41 seconds East a distance of 322.40 feet; thence North 42 degrees 55 minutes 19 seconds West, a distance of 122.09 feet; thence North 47 degrees 04 minutes 41 seconds East a distance of 200.09 feet; thence South 42 degrees 55 minutes 19 seconds East a distance of 323.25 feet to the point of beginning of the land to be described; thence continuing South 42 degrees 55 minutes 19 seconds East a distance of 220.00 feet; thence North 47 degrees 04 minutes 19 seconds East, a distance of 190.00 feet; thence North 42 degrees 55 minutes 19 seconds West a distance of 340.49 feet; thence South 12 degrees 31 minutes 37 seconds West a distance of 146.33 feet; thence Southerly a distance of 79.11 feet along a tangential curve concave to the Northwest, having a radius of 365.84 feet and a central angle of 12 degrees 23 minutes 24 seconds to the point of beginning.

AND EXCEPT

Condominium Units 1 through 16 inclusive said CONDOMINIUM NO. 4, POKEGAMA COMMONS A CONDOMINIUM.

(d) The land is common area for the Pokegama Commons condominium development on Pokegama Lake in Itasca county. To make the condominium units usable and return the property to the tax rolls, the common area and the units must be brought back into common ownership.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act authorizing the sale of tax-forfeited lands in St. Louis, Hubbard, and Itasca counties."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 2042: A bill for an act relating to the environment; banning placement of mercury in solid waste; regulating the sale and use of mercury; requiring recycling of mercury in certain products; amending Minnesota Statutes 1991 Supplement, section 115A.9561, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

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

Delete everything after the enacting clause and insert:

"Section 1. [115A.932] [MERCURY PROHIBITION.]

A person may not place mercury or a thermostat, thermometer, electric switch, appliance, or medical or scientific instrument from which the mercury has not been removed for reuse or recycling:

(1) in solid waste;

(2) in a solid waste processing facility;

(3) in a solid waste disposal facility; or

(4) in a wastewater disposal system.

Sec. 2. Minnesota Statutes 1991 Supplement, section 115A.9561, subdivision 2, is amended to read:

Subd. 2. [RECYCLING REQUIRED.] Major appliances must be recycled or reused. Each county shall ensure that its residents have the opportunity to recycle used major appliances. For the purposes of this section, recycling includes:

(1) the removal of capacitors that may contain PCBs;

(2) the removal of ballasts that may contain PCBs;

(3) the removal of chlorofluorocarbon refrigerant gas; and

(4) the recycling or reuse of the metals, *including mercury*.

Sec. 3. [116.92] [MERCURY EMISSIONS REDUCTION.]

Subdivision 1. [SALES.] *A person may not sell mercury to another person in this state without providing a material safety data sheet required under federal law and requiring the purchaser to sign a statement that the purchaser:*

(1) will use the mercury only for a medical, dental, instructional, research, or manufacturing purpose; and

(2) understands the toxicity of mercury and will appropriately store and use it and will not place, or allow anyone under the purchaser's control to place, the mercury in the solid waste stream or in a wastewater disposal system.

Subd. 2. [USE OF MERCURY.] *A person who uses mercury in any application may not place, or deliver the mercury to another person who places residues, particles, scrapings, or other materials that contain mercury in solid waste or wastewater, except for traces of materials that may inadvertently pass through a filtration system during a dental procedure.*

Subd. 3. [LABELING; PRODUCTS CONTAINING MERCURY.] *A person may not sell for resale in this state any of the following items that contain mercury unless the item is labeled in a manner to clearly inform a purchaser or consumer that mercury is present in the item and that the item may not be placed in the garbage until the mercury is removed and reused, recycled, or otherwise managed to ensure that it does not become part of solid waste or wastewater:*

(1) a thermostat or thermometer;

(2) an electric switch, individually or as part of another product, other than a motor vehicle;

(3) an appliance; and

(4) a medical or scientific instrument.

Subd. 4. [REMOVAL FROM SERVICE; PRODUCTS CONTAINING MERCURY.] *When any one of the items listed in subdivision 3 is removed from service the mercury in the item must be reused, recycled, or otherwise managed to ensure that the mercury is not placed in the solid waste stream or in a wastewater disposal system.*

A person who is in the business of installing or repairing any of the items listed in subdivision 3 in households shall ensure, or deliver the item to a facility that will ensure, that the mercury contained in an item that is replaced or repaired is reused or recycled or otherwise managed to preclude placement in the solid waste stream or in a wastewater disposal system.

Subd. 5. [THERMOSTATS.] *A manufacturer of thermostats that contain mercury or that may replace thermostats that contain mercury shall, in addition to the requirements of subdivision 3, provide sufficient information to and incentives for purchasers and consumers of the thermostats for the purchasers or consumers to ensure that mercury in thermostats being removed from service is reused or recycled or otherwise managed to preclude placement in solid waste or in a wastewater disposal system. A manufacturer that has complied with this subdivision is not liable for improper disposal by purchasers or consumers of thermostats.*

Subd. 6. [THERMOMETERS.] *A medical facility may not routinely distribute thermometers containing mercury.*

Subd. 7. [BAN; TOYS OR GAMES.] *A person may not sell in this state a toy or game that contains mercury.*

Sec. 4. [FLUORESCENT AND HIGH INTENSITY DISCHARGE LAMPS; REPORT.]

The office of waste management, in consultation with the pollution control agency and manufacturers of fluorescent or high intensity discharge lamps that contain mercury, shall study and report to the legislative commission on waste management by December 1, 1992, with recommendations for fully implementing a system for ensuring that the toxic materials contained in lamps that are replaced is recycled or otherwise prevented from placement in the solid waste stream or wastewater disposal systems. The director of the office of waste management shall submit a preliminary report to the commission by October 1, 1992.

Sec. 5. [EFFECTIVE DATES.]

Section 3, subdivisions 1, 3, and 5, are effective January 1, 1993. Section

3, subdivision 4, is effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to the environment; banning placement of mercury in solid waste; regulating the sale and use of mercury; requiring recycling of mercury in certain products; requiring a report on fluorescent and high intensity discharge lamps; amending Minnesota Statutes 1991 Supplement, section 115A.9561, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A; and 116."

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

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

S.F. No. 2012: A bill for an act relating to crimes; enforcing mandatory insurance requirement for vehicles; providing for penalties; providing for loss of driver's license and motor vehicle registration; amending Minnesota Statutes 1990, sections 65B.67, subdivision 4; 169.791; 169.792; 169.793; 169.794; and 171.19; Minnesota Statutes 1991 Supplement, sections 168.041, subdivision 4; 169.795; 171.29, subdivision 1; and 171.30, subdivision 1; repealing Minnesota Statutes 1990, section 169.792, subdivision 9; and Minnesota Statutes 1991 Supplement, section 168.041, subdivision 1a.

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

Pages 1 and 2, delete section 1

Page 2, line 36, reinstate the stricken "169.792 to" and delete the new language and insert "*169.799*"

Page 3, line 19, after the second "*of*" insert "*this*" and delete "*65B.671*"

Page 3, line 30, after "*under*" insert "*this*" and delete "*65B.671 or 65B.672*" and insert "*or section 169.792*"

Page 3, after line 30, insert:

"*(j) The definitions in section 65B.43 apply to sections 169.792 to 169.7991.*"

Page 4, line 1, after the period, insert "*A person is guilty of a gross misdemeanor who violates this section within ten years of the first of two prior convictions under this section, section 169.797, or a statute or ordinance in conformity with one of those sections.*"

Page 5, line 3, reinstate the stricken "shall" and delete "*may*"

Page 6, line 11, after the period, insert "*The court may allow community service in lieu of any fine imposed if the defendant is indigent.*"

Page 6, lines 14 and 15, delete "*65B.672*" and insert "*169.792*"

Page 6, lines 26 and 32, reinstate the stricken language and delete the new language

Page 8, line 6, delete "*chapter 65B*" and insert "*section 169.791 or 169.797*"

Page 9, line 26, delete "*65B.671*" and insert "*169.791*"

Page 10, line 9, delete "*65B.67*" and insert "*169.797*"

Page 12, line 35, after the period, insert "*The court may allow community service in lieu of any fine imposed if the defendant is indigent.*"

Pages 12 and 13, delete section 6

Page 13, line 10, reinstate the stricken language

Page 13, line 11, delete the new language

Page 13, after line 11, insert:

"Sec. 6. Minnesota Statutes 1990, section 169.796, is amended to read:

169.796 [VERIFICATION OF INSURANCE COVERAGE.]

Subdivision 1. [RELEASE OF INFORMATION.] An insurance company shall release information to the department of public safety or the law enforcement authorities necessary to the verification of insurance coverage. An insurance company or its agent acting on its behalf, or an authorized person who releases the above information, whether oral or written, acting in good faith, is immune from any liability, civil or criminal, arising in connection with the release of the information.

Subd. 2. [RECEIPT OF DATA BY ELECTRONIC TRANSFER.] *The commissioner may, in the commissioner's discretion, agree to receive by electronic transfer any information required by this chapter to be provided to the commissioner by an insurance company.*

Sec. 7. [169.797] [PENALTIES FOR FAILURE TO PROVIDE SECURITY FOR BASIC REPARATION BENEFITS.]

Subdivision 1. [TORT LIABILITY.] *Every owner of a vehicle for which security has not been provided as required by section 65B.48, shall not by the provisions of this chapter be relieved of tort liability arising out of the operation, ownership, maintenance, or use of the vehicle.*

Subd. 2. [VIOLATION BY OWNER.] *Any owner of a vehicle with respect to which security is required under sections 65B.41 to 65B.71 who operates the vehicle or permits it to be operated upon a public highway, street, or road in this state and who knows or has reason to know that the vehicle does not have security complying with the terms of section 65B.48 is guilty of a crime and shall be sentenced as provided in subdivision 4.*

Subd. 3. [VIOLATION BY DRIVER.] *Any other person who operates a vehicle upon a public highway, street, or road in this state who knows or has reason to know that the owner does not have security complying with the terms of section 65B.48 in full force and effect is guilty of a crime and shall be sentenced as provided in subdivision 4.*

Subd. 3a. [FALSE STATEMENTS.] *Any owner of a vehicle who falsely claims to have a plan of reparation security in effect at the time of registration of a vehicle pursuant to section 65B.48 is guilty of a crime and shall be sentenced as provided in subdivision 4.*

Subd. 4. [PENALTY.] *(a) A person who violates this section is guilty of a misdemeanor. A person is guilty of a gross misdemeanor who violates this section within ten years of the first of two prior convictions under this section, section 169.791, or a statute or ordinance in conformity with one of those sections. The operator of a vehicle who violates subdivision 3 and who causes or contributes to causing a vehicle accident that results in the*

death of any person or in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, is guilty of a gross misdemeanor. The same prosecuting authority who is responsible for prosecuting misdemeanor violations of this section is responsible for prosecuting gross misdemeanor violations of this section. In addition to any sentence of imprisonment that the court may impose on a person convicted of violating this section, the court shall impose a fine of not less than $100 nor more than the maximum amount authorized by law. The court may allow community service in lieu of any fine imposed if the defendant is indigent.

(b) In addition to the criminal penalty, the driver's license of an operator convicted under this section shall be revoked for not more than 12 months. If the operator is also an owner of the vehicle, the registration of the vehicle shall also be revoked for not more than 12 months. Before reinstatement of a driver's license or registration, the operator shall file with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in this state stating that security has been provided by the operator as required by section 65B.48.

(c) The commissioner shall include a notice of the penalties contained in this section on all forms for registration of vehicles required to maintain a plan of reparation security.

Subd. 4a. [REVOCATION OF REGISTRATION AND SUSPENSION OF LICENSE.] *The commissioner of public safety shall revoke the registration of any vehicle and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.*

Subd. 5. [NONRESIDENTS.] *When a nonresident's operating privilege is suspended pursuant to this section, the commissioner of public safety or a designee shall transmit a copy of the record of the action to the official in charge of the issuance of licenses in the state in which the nonresident resides.*

Subd. 6. [LICENSE SUSPENSION.] *Upon receipt of notification that the operating privilege of a resident of this state has been suspended or revoked in any other state pursuant to a law providing for its suspension or revocation for failure to deposit security for the payment of judgments arising out of a vehicle accident, or for failure to provide security covering a vehicle if required by the laws of that state, the commissioner of public safety shall suspend the operator's license of the resident until the resident furnishes evidence of compliance with the laws of this state and if applicable the laws of the other state.*

Sec. 8. [169.798] [RULES OF COMMISSIONER OF PUBLIC SAFETY.]

Subdivision 1. [AUTHORITY.] *The commissioner of public safety shall have the power and perform the duties imposed by sections 65B.41 to 65B.71, this section, and sections 169.797 and 169.799, and may adopt rules to implement and provide effective administration of the provisions requiring security and governing termination of security.*

Subd. 2. [EVIDENCE OF SECURITY REQUIRED.] *The commissioner of public safety may by rule provide that vehicles owned by certain persons may not be registered in this state unless satisfactory evidence is furnished that security has been provided as required by section 65B.48. If a person who is required to furnish evidence ceases to maintain security, the person shall immediately surrender the registration certificate and license plates for the vehicle. These requirements may be imposed if:*

(1) The registrant has not previously registered a vehicle in this state; or

(2) An owner or operator of the vehicle has previously failed to comply with the security requirements of sections 65B.41 to 65B.71 or of prior law; or

(3) The driving record of an owner or operator of the vehicle evidences a continuing disregard of the laws of this state enacted to protect the public safety; or

(4) Other circumstances indicate that action is necessary to effectuate the purposes of sections 65B.41 to 65B.71.

Subd. 3. [SECURITY NOT REQUIRED.] *No owner of a boat, snowmobile, or utility trailer registered for a gross weight of 3,000 pounds or less shall be required by the commissioner of public safety to furnish evidence that the security required by section 65B.48 has been provided.*

Sec. 9. [169.799] [OBLIGOR'S NOTIFICATION OF LAPSE, CANCELLATION, OR FAILURE TO RENEW POLICY OF COVERAGE.]

If the required plan of reparation security of an owner or named insured is canceled, and notification of such fact is given to the insured as required by section 65B.19, a copy of such notice shall within 30 days after coverage has expired be sent to the commissioner of public safety. If, on or before the end of that 30-day period, the insured owner of a vehicle has not presented the commissioner of public safety or an authorized agent with evidence of required security which shall have taken effect upon the expiration of the previous coverage, or if the insured owner or registrant has not instituted an objection to the obligor's cancellation under section 65B.21, within the time limitations therein specified, the insured owner or registrant shall immediately surrender the registration certificate and vehicle license plates to the commissioner of public safety and may not operate or permit operation of the vehicle in this state until security is again provided and proof of security furnished as required by sections 65B.41 to 65B.71."

Page 14, line 8, after "section" insert "*169.791, 169.797, or*"

Page 14, line 9, delete the new language and strike "65B.67"

Page 14, line 10, reinstate the stricken language and delete the new language

Page 14, line 14, delete "*65B.672*" and insert "*169.792*"

Page 14, line 19, strike "65B.67," and delete the new language

Page 14, line 20, reinstate the stricken language and before "or" insert "*169.797,*"

Page 15, line 22, reinstate the stricken language and delete the new language

Page 15, line 32, delete "RENUMBERING" and insert "CROSS-REFERENCES"

Page 15, delete lines 33 and 34

Page 15, line 35, delete "*also*"

Page 15, line 36, before the period, insert "*of sections 65B.67 as 169.797, 65B.68 as 169.798, and 65B.69 as 169.799*"

Page 16, delete lines 1 to 7

Page 16, line 19, delete "*12*" and insert "*14*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "65B.67, subdivision 4;"

Page 1, line 7, delete "169.794" and insert "169.796"

Page 1, line 10, after the semicolon, insert "proposing coding for new law in Minnesota Statutes, chapter 169;"

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

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

S.F. No. 2000: A bill for an act relating to family law; modifying provisions dealing with the administration, computation, and enforcement of child support; modifying visitation provisions; imposing penalties; appropriating money; amending Minnesota Statutes 1990, sections 257.67, subdivision 3; 357.021, subdivision 1a; 518.003, subdivision 3; 518.14; 518.171, subdivisions 1, 3, 4, 5, 6, 7, and 9; 518.175, subdivision 1; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 7, and 10, and by adding subdivisions; 518.57, subdivision 1, and by adding subdivisions; 518.611, subdivision 4; 548.091, subdivision 1a; 588.20; and 609.375, subdivisions 1 and 2; Minnesota Statutes 1991 Supplement, sections 214.101, subdivision 1; 357.021, subdivision 2; 518.551, subdivisions 5, 5b, and 12; and 518.64, subdivisions 1, 2, and 5; proposing coding for new law in Minnesota Statutes, chapters 16B and 518; repealing Minnesota Statutes 1990, section 609.37.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

COMPUTATION AND ENFORCEMENT OF SUPPORT

Section 1. Minnesota Statutes 1991 Supplement, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] *(a)*

For purposes of this section, "licensing board" means a licensing board or other state agency that issues an occupational license.

(b) If a licensing board receives an order from a court under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court to be in arrears in child support payments, the board shall, within 30 days of receipt of the court order, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the court order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments.

Sec. 2. Minnesota Statutes 1990, section 257.67, subdivision 3, is amended to read:

Subd. 3. Willful failure to obey the judgment or order of the court is a ~~civil~~ contempt of the court. All remedies for the enforcement of judgments apply including those available under *chapters 518 and 518C and* sections ~~518C.01 to 518C.36 and~~ 256.871 to 256.878.

Sec. 3. Minnesota Statutes 1990, section 518.003, subdivision 3, is amended to read:

Subd. 3. [CUSTODY.] Unless otherwise agreed by the parties:

(a) "Legal custody" means the right to determine the child's upbringing, including education, health care, and religious training.

(b) "Joint legal custody" means that both parents have equal rights and responsibilities, including the right to participate in major decisions determining the child's upbringing, including education, health care, and religious training.

(c) "Physical custody and residence" means the routine daily care and control and the residence of the child.

(d) "Joint physical custody" means that the routine daily care and control and the residence of the child is structured between the parties. *For purposes of calculations under section 518.551, subdivision 5, joint physical custody means that a child resides not more than 60 percent of the time with either party.*

(e) *"Split physical custody" means that each party separately provides the routine daily care, control, and residence of one or more of the parties' children.*

(f) Wherever used in this chapter, the term "custodial parent" or "custodian" means the person who has the physical custody of the child at any particular time.

~~(f)~~ *(g)* "Custody determination" means a court decision and court orders and instructions providing for the custody of a child, including visitation rights, but does not include a decision relating to child support or any other monetary obligation of any person.

~~(g)~~ *(h)* "Custody proceeding" includes proceedings in which a custody determination is one of several issues, such as an action for dissolution, divorce, or separation, and includes proceedings involving children who are in need of protection or services, domestic abuse, and paternity.

Sec. 4. Minnesota Statutes 1990, section 518.14, is amended to read:

518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

In a proceeding under this chapter, the court shall award attorney fees, costs, and disbursements in an amount necessary to enable a party to carry on or contest the proceeding, provided it finds:

(1) that the fees are necessary for the good-faith assertion of the party's rights in the proceeding and will not contribute unnecessarily to the length and expense of the proceeding;

(2) that the party from whom fees, costs, and disbursements are sought has the means to pay them; and

(3) that the party to whom fees, costs, and disbursements are awarded does not have the means to pay them.

Nothing in this section precludes the court from awarding, in its discretion, additional fees, costs, and disbursements against a party who unreasonably contributes to the length or expense of the proceeding. Fees, costs, and disbursements provided for in this section may be awarded at any point in the proceeding, *including a modification proceeding under sections 518.18 and 518.64*. The court may adjudge costs and disbursements against either party. The court may authorize the collection of money awarded by execution, or out of property sequestered, or in any other manner within the power of the court. An award of attorney's fees made by the court during the pendency of the proceeding or in the final judgment survives the proceeding and if not paid by the party directed to pay the same may be enforced as above provided or by a separate civil action brought in the attorney's own name. If the proceeding is dismissed or abandoned prior to determination and award of attorney's fees, the court may nevertheless award attorney's fees upon the attorney's motion. The award shall also survive the proceeding and may be enforced in the same manner as last above provided.

Sec. 5. Minnesota Statutes 1990, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] The order is binding on the employer or union and the health and dental insurance plan when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union and its health and dental insurance plan shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan. *An employer or union that fails to comply with the order is liable for any health or dental expenses incurred by a parent for the child that would have been covered, had the plan been in effect, and any other premium costs incurred because the employer failed to comply with the order. An employer or union that fails to comply with the order is subject to contempt of court.* Failure of the

obligor to execute any documents necessary to enroll the dependent in the group health and dental insurance plan will not affect the obligation of the employer or union and group health and dental insurance plan to enroll the dependent in a plan for which other eligibility requirements are met. Information and authorization provided by the public authority responsible for child support enforcement, or by the custodial parent or guardian, is valid for the purposes of meeting enrollment requirements of the health plan. The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.

Sec. 6. Minnesota Statutes 1990, section 518.171, subdivision 6, is amended to read:

Subd. 6. [INSURER *REIMBURSEMENT; CORRESPONDENCE AND* NOTICE.] *(a)* The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services. *If a parent makes a payment for medical services for which reimbursement is required, the insurer shall pay the reimbursement directly to the parent who made the payment.*

(b) The insurer shall send copies of all correspondence regarding the insurance coverage to both parents. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within ten days of the termination date with notice of conversion privileges.

Sec. 7. Minnesota Statutes 1990, section 518.175, subdivision 1, is amended to read:

Subdivision 1. In all proceedings for dissolution or legal separation, subsequent to the commencement of the proceeding and continuing thereafter during the minority of the child, the court shall, upon the request of either parent, grant such rights of visitation on behalf of ~~the~~ *each* child and noncustodial parent as will enable the child and the noncustodial parent to maintain a child to parent relationship that will be in the best interests of the child. *In particular, the court shall consider the need of each child to spend time alone with each parent.* If the court finds, after a hearing, that visitation is likely to endanger ~~the~~ *any* child's physical or emotional health or impair ~~the~~ *any* child's emotional development, the court shall restrict visitation by the noncustodial parent *with that child* as to time, place, duration, or supervision and may deny visitation entirely, as the circumstances warrant. The court shall consider the age of ~~the~~ *each* child and ~~the~~ *each* child's relationship with the noncustodial parent prior to the commencement of the proceeding. A parent's failure to pay support because of the parent's inability to do so shall not be sufficient cause for denial of visitation.

Sec. 8. Minnesota Statutes 1990, section 518.24, is amended to read:

518.24 [SECURITY; SEQUESTRATION; CONTEMPT.]

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the

terms of the order. The obligor is presumed to have an income from a source sufficient to pay the maintenance or support order. *A child support order constitutes a finding by the court that the obligor has the ability to pay the award.* If the obligor disobeys the order, it is prima facie evidence of contempt.

Sec. 9. Minnesota Statutes 1990, section 518.54, subdivision 4, is amended to read:

Subd. 4. [SUPPORT MONEY; *CHILD SUPPORT.*] "Support money" *or "child support"* means:

(1) an award in a dissolution, legal separation, ~~or~~ annulment, *or parentage* proceeding for the care, support and education of any child of the marriage or of the parties to the ~~annulment~~ proceeding; *or*

(2) a contribution by parents ordered under section 256.87.

"Support money" or "child support" includes interest on arrearages under section 548.091, subdivision 1a.

Sec. 10. Minnesota Statutes 1990, section 518.551, subdivision 1, is amended to read:

Subdivision 1. [*SCOPE;* PAYMENT TO PUBLIC AGENCY.] *(a) This section applies to all proceedings involving an award of child support.*

(b) The court shall direct that all payments ordered for maintenance and support be made to the public agency responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support and maintenance collection services. Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement. This includes the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments. Amounts received by the public agency responsible for child support enforcement greater than the amount granted to the obligee shall be remitted to the obligee.

Sec. 11. Minnesota Statutes 1991 Supplement, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support as provided in this subdivision. The court ~~may~~ *shall* order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, ~~without regard to marital misconduct~~ *considering the best interests of the child.*

The court shall approve a child support stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (h). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.

The court may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

(b) The court shall derive a specific dollar amount *for child support* by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children 1	2	3	4	5	6	7 or more
~~$400~~ *$550* and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
~~$401 - 500~~	~~14%~~	~~17%~~	~~20%~~	~~22%~~	~~24%~~	~~26%~~	~~28%~~
~~$501 - 550~~	~~15%~~	~~18%~~	~~21%~~	~~24%~~	~~26%~~	~~28%~~	~~30%~~
$551 - 600	16%	19%	22%	25%	28%	30%	32%
$601 - 650	17%	21%	24%	27%	29%	32%	34%
$651 - 700	18%	22%	25%	28%	31%	34%	36%
$701 - 750	19%	23%	27%	30%	33%	36%	38%
$751 - 800	20%	24%	28%	31%	35%	38%	40%
$801 - 850	21%	25%	29%	33%	36%	40%	42%
$851 - 900	22%	27%	31%	34%	38%	41%	44%
$901 - 950	23%	28%	32%	36%	40%	43%	46%
$951 - 1000	24%	29%	34%	38%	41%	45%	48%
$1001 - ~~4000~~ *5,000, or the amount currently in effect under paragraph (k).*	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income ~~of $4,001 or more~~ *in excess of the income limit currently in effect* shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income ~~of $4,000.~~ *equal to the limit. The court may apply the guideline percentages to any portion of net monthly income in excess of the income limit, but the rebuttable presumption in paragraph (i) does not apply to this additional amount. The court may order that a portion of net monthly income in excess of the applicable income limit be used to establish a trust fund for the costs of post-secondary education for the child. Payments from any trust fund must be made directly to the educational institution that the child is attending. The trust must provide that if the proceeds are not used by the time the child reaches the age of 28, the trust reverts back to the obligor.*

Net Income defined as:

Total monthly income less

*(i) Federal Income Tax
*(ii) State Income Tax
(iii) Social Security Deductions

(iv) ~~Reasonable~~
Pension Deductions
Not to Exceed
Five Percent of
Gross Income

*Standard Deductions apply-use of tax tables recommended

~~(v) Union Dues~~
(vi) Cost of Dependent Health Insurance Coverage
That the Obligor is Required to Provide
(vii) Cost of Individual or Group Health/ Hospitalization Coverage or an Amount for Actual Medical Expenses
(viii) *(v)* A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

In sole custody cases, the court shall review work-related child care expenses of the custodial parent and shall increase the amount of the child support award by an additional amount deemed reasonable and necessary for child care costs, considering the financial circumstances and needs of

the parties. The court shall make written findings concerning its determination. If a party who has joint physical custody of a child has work-related child care expenses, the court shall allocate the net cost of work-related child care to each parent in proportion to each parent's share of the total combined incomes of the parents. The value of the federal and state income tax credit for child care must be subtracted from actual costs to calculate a figure for net child care costs. The court may allow the noncustodial parent to care for the child while the custodial parent is working if this arrangement is reasonable and in the best interests of the child. In all cases, the court shall determine that child care costs allocated to a parent are reasonable and necessary.

If the parties have joint physical or split physical custody of a child, the court shall compute the guideline amount owed by each party based on the percentage of time that the other party has physical custody and then adjust the guideline amount to take into account the duplicative costs inherent in maintaining two full households for the child.

~~(b)~~ *(c)* In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support:

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph ~~(a)~~ *(b)*, clause (2)(ii);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

~~(4) the amount of the aid to families with dependent children grant for the child or children;~~

~~(5)~~ *(4)* which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; ~~and~~

~~(6)~~ *(5)* the parents' debts as provided in paragraph ~~(c)~~ *(d); and*

(6) existing or anticipated extraordinary medical expenses of the child not apportioned between the parties.

~~(c)~~ *(d)* In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

~~(d)~~ *(e)* Any schedule prepared under paragraph ~~(c)~~ *(d)*, clause (3), shall contain a statement that the debt will be fully paid after the number of

months shown in the schedule, barring emergencies beyond the party's control.

~~(e)~~ *(f)* Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

~~(f) Where~~ *(g) If* payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

~~(g)~~ *(h)* Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

~~(h)~~ *(i)* The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the reasons for the deviation and shall specifically address the criteria in paragraph ~~(b)~~ *(c)* and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

(j) If the child support payments are assigned to the public agency under section 256.74, the court may not deviate downward from the child support guidelines unless the court specifically finds that the failure to deviate downward would impose an extreme hardship on the obligor.

(k) The dollar amount of the income limit for application of the guidelines must be adjusted on July 1 of every even-numbered year to reflect cost-of-living changes. The supreme court shall select the index for the adjustment from the indices listed in section 518.641. The state court administrator shall make the changes in the dollar amount required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.

Sec. 12. Minnesota Statutes 1991 Supplement, section 518.551, subdivision 5b, is amended to read:

Subd. 5b. [DETERMINATION OF INCOME.] (a) The parties shall timely serve and file documentation of earnings and income. When there is a prehearing conference, the court must receive the documentation of income at least ten days prior to the prehearing conference. Documentation of earnings and income also includes, but is not limited to, pay stubs for the most recent three months, employer statements, or statement of receipts and expenses if self-employed. Documentation of earnings and income also includes copies of each parent's most recent federal tax returns, including W-2 forms, 1099 forms, unemployment compensation statements, workers' compensation statements, and all other documents evidencing income as received that provide verification of income over a longer period.

(b) *In addition to the requirements of paragraph (a), at any time after an action seeking child support has been commenced or when a child support order is in effect, a party or the public authority may require the other party to give them their most recent federal tax returns. The party shall provide a copy of the tax returns within 30 days of receipt of the request. Failure of a party, without leave of the court, to provide the tax return as required under this paragraph is contempt of court.*

(c) If a parent under the jurisdiction of the court does not appear at a court hearing after proper notice of the time and place of the hearing, the court shall set income for that parent based on credible evidence before the court or in accordance with paragraph ~~(c)~~ *(d)*. Credible evidence may include documentation of current or recent income, testimony of the other parent concerning recent earnings and income levels, and the parent's wage reports filed with the Minnesota department of jobs and training under section 268.121.

~~(c)~~ *(d)* If the court finds that a parent is voluntarily unemployed or underemployed, child support shall be calculated based on a determination of imputed income. A parent is not considered voluntarily unemployed or underemployed upon a showing by the parent that the unemployment or underemployment: (1) is temporary and will ultimately lead to an increase in income; or (2) represents a bona fide career change that outweighs the adverse effect of that parent's diminished income on the child. Imputed income means the estimated earning ability of a parent based on the parent's prior earnings history, education, and job skills, and on availability of jobs within the community for an individual with the parent's qualifications. If the court is unable to determine or estimate the earning ability of a parent, the court may calculate child support based on full-time employment of 40 hours per week at the federal minimum wage or the Minnesota minimum wage, whichever is higher. If a parent *is a recipient of public assistance under sections 256.72 to 256.87 or chapter 256D, or* is physically or mentally incapacitated, it shall be presumed that the parent is not voluntarily unemployed or underemployed.

Sec. 13. Minnesota Statutes 1990, section 518.551, is amended by adding a subdivision to read:

Subd. 5d. [EDUCATION TRUST FUND.] *If the child support order provides the child with a reasonable standard of living, the parties may agree to designate a sum of money as a trust fund for the costs of post-secondary education. The court shall advise parties that this option is available and that they may wish to consult an attorney concerning the creation of a trust. The state court administrator, in consultation with attorneys experienced in trust law, shall prepare a model trust instrument which the court administrator shall provide to parties who have minor children.*

Sec. 14. Minnesota Statutes 1990, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] An administrative process is established to obtain, modify, and enforce child and medical support orders and maintenance.

The commissioner of human services may designate counties to participate in the administrative process established by this section. All proceedings for obtaining, modifying, or enforcing child and medical support

orders and maintenance and adjudicating uncontested parentage proceedings, required to be conducted in counties designated by the commissioner of human services in which the county human services agency is a party or represents a party to the action must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

(1) adjudication of contested parentage;

(2) motions to set aside a paternity adjudication or declaration of parentage;

(3) evidentiary hearing on contempt motions; ~~and~~

(4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings; *and*

(5) motions described in this clause. If a motion to obtain, modify, or enforce child support is filed in the district court, it must be decided by the district court. If a petition for marriage dissolution, legal separation, annulment, or determination of parentage is pending in the district court and the parties have minor children, issues relating to obtaining, modifying, and enforcing child support that arise during the pendency of the proceeding must be decided by the district court. If during the pendency of a motion or proceeding described in this clause, the county human services agency becomes a party to, or commences representation of a party in, a matter involving the support of a child whose support is also at issue in the motion or proceeding pending before the district court, the county human services agency may intervene in the district court. However, the county human services agency shall not commence proceedings concerning the support of that child before an administrative law judge, until after the district court has decided the motion or entered judgment in the proceeding pending before it.

An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district judge.

For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, and the county court administrator shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

Nonattorney employees of the public agency responsible for child support in the counties designated by the commissioner, acting at the direction of the county attorney, may prepare, sign, serve, and file complaints and motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

The hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, as adopted by the chief administrative law judge. All other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518. The administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge are enforceable by the contempt powers of the county and district courts.

The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

Sec. 15. Minnesota Statutes 1991 Supplement, section 518.551, subdivision 12, is amended to read:

Subd. 12. [~~OCCUPATIONAL~~ LICENSE SUSPENSION.] Upon petition of an obligee or public agency responsible for child support enforcement, if the court finds that the obligor is *in arrears in court-ordered child support payments, the court may provide for suspension of licenses as provided in this subdivision. If the court finds that the obligor is* or may be licensed by a licensing board listed in section 214.01 ~~and the obligor is in arrears in court-ordered child support payments~~ *or by any other state agency that issues an occupational license*, the court may direct the licensing board *or other licensing agency* to conduct a hearing under section 214.101 concerning suspension of the obligor's license. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct.

The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

Sec. 16. Minnesota Statutes 1990, section 518.57, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation, or annulment, the court shall make a further order which is just and proper concerning the maintenance of the minor children as provided by section 518.551, and for the maintenance of any child of the parties as defined in section 518.54, as support money~~, and~~. *The court* may make ~~the same~~ *any child support order* a lien or charge upon the property of the ~~parties to the proceeding, or either of them~~ *obligor*, either at the time of the entry of the judgment or by subsequent order upon proper application.

Sec. 17. Minnesota Statutes 1990, section 518.57, is amended by adding a subdivision to read:

Subd. 4. [OTHER CUSTODIANS.] *If a child resides with a person other than a parent and the court approves of the custody arrangement, the court may order child support payments to be made to the custodian regardless of whether the person has legal custody.*

Sec. 18. [518.585] [NOTICE OF INTEREST ON LATE CHILD SUPPORT.]

Any judgment or decree of dissolution or legal separation containing a requirement of child support and any determination of parentage, order under chapter 518C, order under section 256.87, or order under section 260.251 must include a notice to the parties that section 548.091, subdivision 1a, provides for interest to begin accruing on a payment or installment

of child support whenever the unpaid amount due is greater than the current support due.

Sec. 19. Minnesota Statutes 1990, section 518.611, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] *(a)* Notwithstanding any law to the contrary, the order is binding on the employer, trustee, payor of the funds, or financial institution when service under subdivision 2 has been made. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule. An employer, payor of funds, or financial institution in this state is required to withhold income according to court orders for withholding issued by other states or territories. The payor shall withhold from the income payable to the obligor the amount specified in the order and amounts required under subdivision 2 and section 518.613 and shall remit, within ten days of the date the obligor is paid the remainder of the income, the amounts withheld to the public authority. The payor shall identify on the remittance information the date the obligor is paid the remainder of the income. *The obligor is deemed to have paid the amount withheld as of the date the obligor received the remainder of the income.* The financial institution shall execute preauthorized transfers from the deposit accounts of the obligor in the amount specified in the order and amounts required under subdivision 2 as directed by the public authority responsible for child support enforcement.

(b) Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party.

(c) An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld. A financial institution is liable to the obligee if funds in any of the obligor's deposit accounts identified in the court order equal the amount stated in the preauthorization agreement but are not transferred by the financial institution in accordance with the agreement. *An employer or other payor of funds or a financial institution that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. An employer or other payor of funds or a financial institution is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. An employer or other payor of funds or a financial institution that has failed to comply with the requirements of this section is subject to contempt of court.*

Sec. 20. Minnesota Statutes 1991 Supplement, section 518.64, subdivision 1, is amended to read:

Subdivision 1. [MODIFICATION; CONTEMPT.] After an order for maintenance or support money, temporary or permanent, or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on motion of either of the parties, a copy

of which is served on the public authority responsible for child support enforcement if payments are made through it, or on motion of the public authority responsible for support enforcement, modify the order respecting the amount of maintenance or support money, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters which it might have made in the original proceeding, except as herein otherwise provided. *A party or the public authority also may bring a motion for contempt of court if the obligor is in arrears in support or maintenance payments or if a party has wrongfully interfered with visitation rights.*

Sec. 21. Minnesota Statutes 1991 Supplement, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87; ~~or~~ (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; *or (5) extraordinary medical expenses of the child. In determining whether a child's needs have increased, the court may consider anticipated expenses for post-secondary education.*

The terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to

pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 22. Minnesota Statutes 1991 Supplement, section 518.64, subdivision 5, is amended to read:

Subd. 5. [FORM.] The department of human services shall prepare and make available to courts, obligors and persons to whom child support is owed a form to be submitted by the obligor or the person to whom child support is owed in support of a motion for a modification of an order for support or maintenance *or for contempt of court*. The rulemaking provisions of chapter 14 shall not apply to the preparation of the form.

Sec. 23. Minnesota Statutes 1990, section 548.091, subdivision 1a, is amended to read:

Subd. 1a. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW.] Any payment or installment of support required by a judgment or decree of dissolution or legal separation, determination of parentage, an order under chapter 518C, an order under section 256.87, or an order under section 260.251, that is not paid or withheld from the obligor's income as required under section 518.611 or 518.613, is a judgment by operation of law on and after the date it is due and is entitled to full faith and credit in this state and any other state. Interest accrues from the date the ~~judgment on the payment or installment is entered and docketed under subdivision 3a.~~ *unpaid amount due is greater than the current support due* at the annual rate provided in section 549.09, subdivision 1. A payment or installment of support that becomes a judgment by operation of law between the date on which a party served notice of a motion for modification under section 518.64, subdivision 2, and the date of the court's order on modification may be modified under that subdivision.

Sec. 24. Minnesota Statutes 1990, section 588.20, is amended to read:

588.20 [CRIMINAL CONTEMPTS.]

Every person who shall commit a contempt of court, of any one of the following kinds, shall be guilty of a misdemeanor:

(1) Disorderly, contemptuous, or insolent behavior, committed during the sitting of the court, in its immediate view and presence, and directly tending to interrupt its proceedings, or to impair the respect due to its authority;

(2) Behavior of like character in the presence of a referee, while actually engaged in a trial or hearing, pursuant to an order of court, or in the presence of a jury while actually sitting for the trial of a cause, or upon an inquest or other proceeding authorized by law;

(3) Breach of the peace, noise, or other disturbance directly tending to interrupt the proceedings of a court, jury, or referee;

(4) Willful disobedience to the lawful process or other mandate of a court;

(5) Resistance willfully offered to its lawful process or other mandate;

(6) Contumacious and unlawful refusal to be sworn as a witness, or, after being sworn, to answer any legal and proper interrogatory;

(7) Publication of a false or grossly inaccurate report of its proceedings; *or*

(8) Willful failure to pay court-ordered child support when the obligor has the ability to pay, or unwarranted denial of or interference with court-ordered visitation rights.

No person shall be punished as herein provided for publishing a true, full, and fair report of a trial, argument, decision, or other proceeding had in court.

Sec. 25. Minnesota Statutes 1990, section 609.375, subdivision 1, is amended to read:

Subdivision 1. Whoever is legally obligated to provide care and support to a spouse who is in necessitous circumstances, or child, whether or not its custody has been granted to another, and knowingly omits and fails without lawful excuse to do so is guilty of ~~nonsupport of the spouse or child, as the case may be~~ *a misdemeanor*, and upon conviction ~~thereof~~ may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than ~~$300~~ *$700, or both*.

Sec. 26. Minnesota Statutes 1990, section 609.375, subdivision 2, is amended to read:

Subd. 2. If the ~~knowing omission and failure without lawful excuse to provide care and support to a spouse, a minor child, or a pregnant wife~~ *violation of subdivision 1* continues for a period in excess of 90 days the person is guilty of a felony and may be sentenced to imprisonment for not more than five years *or to payment of a fine of not more than $10,000, or both*.

Sec. 27. [INCOME WITHHOLDING; SINGLE CHECK SYSTEM.]

The commissioner of human services, in consultation with county child support enforcement agencies, shall study and make recommendations on the feasibility of establishing a single check system under which employers

who are implementing income withholding may make one combined payment for payments due to public authorities to one public authority or to the commissioner of human services. The commissioner shall estimate the cost of the single check system and the level of fees that would be necessary to make the system self-supporting. The commissioner shall report to the legislature by January 15, 1994.

Sec. 28. [JOINT AND SPLIT CUSTODY CHILD SUPPORT.]

The commissioner of human services' advisory committee for child support enforcement shall study and make recommendations on guidelines or formulas for the computation of child support in cases involving joint physical or split custody. The commissioner shall perform data analysis of any guidelines or formulas being recommended by the committee to determine the impact of the formula on child support based on different income levels and the number of children involved. The commissioner shall report the findings and recommendations of the committee to the legislature by January 15, 1993.

Sec. 29. [REPEALER.]

Minnesota Statutes 1990, section 609.37, is repealed.

Sec. 30. [EFFECTIVE DATE; APPLICATION.]

(a) Section 11 applies to child support orders entered or modified on or after the effective date.

(b) Section 18 is effective January 1, 1994, for all judgments, decrees, and orders entered on or after that date.

(c) Section 23 is effective January 1, 1994, for all payments and installments of child support due on or after that date.

(d) Sections 24, 26, and 29 are effective August 1, 1992, and apply to crimes committed on or after that date.

ARTICLE 2

ADMINISTRATION AND FUNDING

Section 1. Minnesota Statutes 1990, section 256.019, is amended to read:

256.019 [RECOVERY OF MONEY; APPORTIONMENT.]

When an amount is recovered from any source for assistance given under the provisions governing public assistance programs including aid to families with dependent children, emergency assistance, general assistance, work readiness, and Minnesota supplemental aid, there shall be paid to the United States the amount due under the terms of the Social Security Act and the balance must be paid into the treasury of the state or county in accordance with current rates of financial participation; except if the recovery is directly attributable to county effort, the county may keep one-half of the nonfederal share of the recovery. This does not apply to recoveries from medical providers or to recoveries begun by the department of human services' surveillance and utilization review division, state hospital collections unit, ~~and the~~ *or* benefit recoveries division; or~~,~~ by the attorney general's office~~, or child support collections~~.

Sec. 2. Minnesota Statutes 1990, 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. *Except as provided in paragraph (d),* the court administrator shall transmit the fees monthly 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 *or modification*, 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.

(d) The fees collected for child support modifications under subdivision 2, clause (11), must be transmitted to the county treasurer for deposit in the county general fund. The fees must be used by the county to pay for child support enforcement efforts.

Sec. 3. Minnesota Statutes 1991 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 $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 $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 chapter 103E, 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, $10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, $7.50.

(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, $5 for each name 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) For the deposit of a will, $5.

(11) *Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.*

(12) 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. 4. Minnesota Statutes 1990, section 518.551, subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support. *The public agency may impose a late fee penalty at an annual rate of six percent of the unpaid support due, commencing 30 days after the end of the month when the support was due.* An application fee not to exceed ~~$5~~ *$25* shall be paid by the person who applies for child support and maintenance collection services, except persons who transfer from public assistance to

nonpublic assistance status. *The fee may be deducted from the next child support payment for the obligee collected by the public agency if the obligee is unable to pay the fee at the time of the application.* Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided.

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

Sec. 5. Minnesota Statutes 1990, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] *(a)* An administrative process is established to obtain, modify, and enforce child and medical support orders and maintenance.

The commissioner of human services may designate counties to participate in the administrative process established by this section. *Other counties may elect to participate in the process.* All proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance and adjudicating uncontested parentage proceedings, required to be conducted in counties ~~designated by the commissioner of human services~~ *that participate in the process* in which the county human services agency is a party or represents a party to the action must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

(1) adjudication of contested parentage;

(2) motions to set aside a paternity adjudication or declaration of parentage;

(3) evidentiary hearing on contempt motions; and

(4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings.

(b) An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district judge.

(c) For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

(d) Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, and the county court administrator shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

(e) Nonattorney employees of the public agency responsible for child

support in the counties designated by the commissioner, acting at the direction of the county attorney, may prepare, sign, serve, and file complaints and motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

(f) The hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, as adopted by the chief administrative law judge. All other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518. The administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge are enforceable by the contempt powers of the county and district courts.

(g) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

(h) The commissioner shall distribute money appropriated for this purpose to counties to cover the costs of the administrative process, including costs of administrative law judges. If available appropriations are insufficient to cover the costs, the commissioner shall prorate the amount appropriated among the counties.

Sec. 6. Minnesota Statutes 1990, section 518.551, is amended by adding a subdivision to read:

Subd. 13. [CONSULTATION WITH LEGAL STAFF AND PRACTITIONERS.] *When considering and developing legislative initiatives and when developing rules, procedures, and forms, the state office of child support shall consult judges, attorneys in the department and the attorney general's office, county attorneys and support enforcement staff, and family law practitioners.*

Sec. 7. [CHILD SUPPORT COMPUTER SYSTEM.]

The commissioner of human services, in consultation with county child support enforcement agencies, shall take appropriate action to ensure that the statewide computer system for the collection and enforcement of child support is operating effectively and efficiently as soon as possible. The commissioner shall report to the legislature by January 15, 1993, concerning the present status of the computer system, any problems in the functioning of the system statewide, and plans for correcting outstanding problems in the system by January 1, 1994.

Sec. 8. [SAVINGS DESIGNATED FOR COUNTY ADMINISTRATION.]

The commissioner of human services and the commissioner of finance shall estimate the savings to the state that will result from prohibiting downward deviations from the child support guidelines in AFDC cases. Before the end of fiscal year 1993, the amount of the estimated savings for fiscal year 1993 must be transferred from the appropriation for AFDC to the appropriation for county child support enforcement incentive grants in Laws 1991, chapter 292, article 1, section 2, subdivision 4, to be allocated

to counties in the same manner as the original appropriation for fiscal year 1993. For purposes of the governor's 1994-1995 biennial budget recommendations, the amount transferred during fiscal year 1993 and any additional savings projected for the biennium as a result of prohibiting downward deviations in AFDC cases must be added to the direct legislative appropriations and considered part of the base level funding for county child support enforcement incentives.

Sec. 9. [APPROPRIATION.]

$ . . . . . is appropriated from the general fund to the commissioner of human services for fiscal year 1993, to provide grants to counties for the costs of the administrative process for child and medical support orders established under Minnesota Statutes, section 518.551, subdivision 10.

Sec. 10. [EFFECTIVE DATE.]

The late fee penalty under section 4 is effective January 1, 1994.

ARTICLE 3

CUSTODY AND VISITATION

Section 1. Minnesota Statutes 1990, section 257.022, subdivision 2, is amended to read:

Subd. 2. [FAMILY COURT PROCEEDINGS.] In all proceedings for dissolution, custody, legal separation, annulment, or parentage subsequent to the commencement of the proceeding *or at any time after completion of the proceeding*, and continuing thereafter during the minority of the child, the court may, upon the request of the parent or grandparent of a party, grant reasonable visitation rights to the unmarried minor child, after dissolution of marriage, legal separation, annulment, or determination of parentage during minority if it finds that visitation rights would be in the best interests of the child and would not interfere with the parent child relationship. The court shall consider the amount of personal contact between the parents or grandparents of the party and the child prior to the application.

Sec. 2. Minnesota Statutes 1990, section 257.022, is amended by adding a subdivision to read:

Subd. 4. [ESTABLISHMENT OF INTERFERENCE WITH PARENT AND CHILD RELATIONSHIP.] *The court may not deny visitation rights under this section based on allegations that the visitation rights would interfere with the relationship between the custodial parent and the child unless the truth of the allegations is established by a preponderance of the evidence after a hearing.*

Sec. 3. Minnesota Statutes 1990, section 257.025, is amended to read:

257.025 [CUSTODY DISPUTES.]

(a) In any proceeding where two or more parties seek custody of a child the court shall consider and evaluate all relevant factors in determining the best interests of the child, including the following factors:

(1) the wishes of the party or parties as to custody;

(2) the reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;

(3) the child's primary caretaker;

(4) the intimacy of the relationship between each party and the child;

(5) the interaction and interrelationship of the child with a party or parties, siblings, and any other person who may significantly affect the child's best interests;

(6) the child's adjustment to home, school, and community;

(7) the length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;

(8) the permanence, as a family unit, of the existing or proposed custodial home;

(9) the mental and physical health of all individuals involved;

(10) the capacity and disposition of the parties to give the child love, affection, and guidance, and to continue educating and raising the child in the child's culture, religion, or creed, if any;

(11) the child's cultural background; and

(12) the effect on the child of the actions of an abuser, if related to domestic abuse as defined in section 518B.01, that has occurred between the parents or the parties.

The court may not use one factor to the exclusion of all others. The court must make detailed findings on each of the factors and explain how the factors led to its conclusions and to the determination of the best interests of the child.

(b) The fact that the parents of the child are not or were never married to each other shall not be determinative of the custody of the child.

(c) The court shall not consider *a disability, as defined in section 363.01, of a proposed custodian or the child or* conduct of a proposed custodian that does not affect the custodian's relationship to the child.

(d) The court shall consider evidence of a violation of section 609.507 in determining the best interests of the child.

(e) A person may seek custody of a child by filing a petition or motion pursuant to section 518.156.

(f) Section 518.619 applies to this section.

Sec. 4. Minnesota Statutes 1990, section 518.156, subdivision 1, is amended to read:

Subdivision 1. In a court of this state which has jurisdiction to decide child custody matters, a child custody proceeding is commenced:

(a) by a parent

(1) by filing a petition for dissolution or legal separation; or

(2) where a decree of dissolution or legal separation has been entered or where none is sought, by filing a petition or motion seeking custody or visitation of the child in the county where the child is permanently resident or where the child is found or where an earlier order for custody of the child has been entered; or

(b) by a person other than a parent, where a decree of dissolution or legal separation has been entered or where none is sought by filing a petition or motion seeking custody or visitation of the child in the county where the

child is permanently resident or where the child is found or where an earlier order for custody of the child has been entered. *A person seeking visitation pursuant to this paragraph must qualify under one of the provisions of section 257.022.*

Sec. 5. Minnesota Statutes 1990, section 518.17, subdivision 1, is amended to read:

Subdivision 1. [THE BEST INTERESTS OF THE CHILD.] (a) "The best interests of the child" means all relevant factors to be considered and evaluated by the court including:

(1) the wishes of the child's parent or parents as to custody;

(2) the reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;

(3) the child's primary caretaker;

(4) the intimacy of the relationship between each parent and the child;

(5) the interaction and interrelationship of the child with a parent or parents, siblings, and any other person who may significantly affect the child's best interests;

(6) the child's adjustment to home, school, and community;

(7) the length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;

(8) the permanence, as a family unit, of the existing or proposed custodial home;

(9) the mental and physical health of all individuals involved;

(10) the capacity and disposition of the parties to give the child love, affection, and guidance, and to continue educating and raising the child in the child's culture and religion or creed, if any;

(11) the child's cultural background; and

(12) the effect on the child of the actions of an abuser, if related to domestic abuse, as defined in section 518B.01, that has occurred between the parents.

The court may not use one factor to the exclusion of all others. The primary caretaker factor may not be used as a presumption in determining the best interests of the child. The court must make detailed findings on each of the factors and explain how the factors led to its conclusions and to the determination of the best interests of the child.

(b) The court shall not consider *a disability, as defined in section 363.01, of a proposed custodian or the child or* conduct of a proposed custodian that does not affect the custodian's relationship to the child.

Sec. 6. Minnesota Statutes 1990, section 518.175, subdivision 3, is amended to read:

Subd. 3. The custodial parent shall not move the residence of the child to another state except upon order of the court or with the consent of the noncustodial parent, when the noncustodial parent has been given visitation rights by the decree. If the purpose of the move is to interfere with visitation rights given to the noncustodial parent by the decree, *or if the custodial parent fails to show that the reasons for the proposed move are compelling*

and that the move is in the best interests of the child, the court shall not permit the child's residence to be moved to another state.

Sec. 7. Minnesota Statutes 1990, section 518.175, subdivision 6, is amended to read:

Subd. 6. [COMPENSATORY VISITATION; *DAMAGES.*] *(a)* If the court finds that the noncustodial parent has been wrongfully deprived of the duly established right to visitation, the court shall order the custodial parent to permit additional visits to compensate for the visitation of which the noncustodial parent was deprived *and may award damages or costs under paragraph (b) or (c)*. Additional visits must be:

(1) of the same type and duration as the wrongfully denied visit;

(2) taken within one year after the wrongfully denied visit; and

(3) at a time acceptable to the noncustodial parent.

(b) If a parent is wrongfully deprived of visitation rights or if a parent is damaged because the other parent fails to exercise scheduled visitation rights, the court may award damages to the parent based on actual expenses incurred by the parent in connection with the visitation.

(c) The court may award costs and attorney fees to a parent in an action under this subdivision.

Sec. 8. Minnesota Statutes 1990, section 518.175, subdivision 7, is amended to read:

Subd. 7. [GRANDPARENT VISITATION.] In all proceedings for dissolution or legal separation, *subsequent to the commencement of the proceeding or at any time after completion of the proceeding, and continuing during the minority of the child*, the court may make an order granting visitation rights to grandparents under section 257.022, subdivision 2.

Sec. 9. Minnesota Statutes 1991 Supplement, section 518.18, is amended to read:

518.18 [MODIFICATION OF ORDER.]

(a) Unless agreed to in writing by the parties, no motion to modify a custody order may be made earlier than one year after the date of the entry of a decree of dissolution or legal separation containing a provision dealing with custody, except in accordance with paragraph (c).

(b) If a motion for modification has been heard, whether or not it was granted, unless agreed to in writing by the parties no subsequent motion may be filed within two years after disposition of the prior motion on its merits, except in accordance with paragraph (c).

(c) The time limitations prescribed in paragraphs (a) and (b) shall not prohibit a motion to modify a custody order if the court finds that there is persistent and willful denial or interference with visitation, ~~or~~ *if the court* has reason to believe that the child's present environment may endanger the child's physical or emotional health or impair the child's emotional development, *or if the court finds that a party with joint physical custody of the child has failed to provide physical custody in accordance with the custody order*.

(d) If the court has jurisdiction to determine child custody matters, the court shall not modify a prior custody order unless it finds, upon the basis

of facts that have arisen since the prior order or that were unknown to the court at the time of the prior order, that a change has occurred in the circumstances of the child or the parties and that the modification is necessary to serve the best interests of the child. In applying these standards the court shall retain the custody arrangement established by the prior order unless:

(i) both parties agree to the modification;

(ii) the child has been integrated into the family of the petitioner with the consent of the other party; ~~or~~

(iii) the child's present environment endangers the child's physical or emotional health or impairs the child's emotional development and the harm likely to be caused by a change of environment is outweighed by the advantage of a change to the child; *or*

(iv) a party with joint physical custody of the child has failed to provide physical custody in accordance with the custody order.

In addition, a court may modify a custody order under section 631.52.

(e) In deciding whether to modify a prior joint custody order, the court shall apply the standards set forth in paragraph (d) unless: (1) the parties agree in writing to the application of a different standard, or (2) the party seeking the modification is asking the court for permission to move the residence of the child to another state.

Sec. 10. [EFFECTIVE DATE; APPLICATION.]

(a) Sections 1 and 8 are effective the day following final enactment and apply to proceedings commenced or completed before, on, or after the effective date.

(b) Section 2 is effective the day following final enactment and applies to proceedings pending on or commenced on or after that date.

(c) Section 4 is effective August 1, 1992, for visitation, petitions or motions pending or filed on or after that date."

Delete the title and insert:

"A bill for an act relating to family law; modifying provisions dealing with the administration, computation, and enforcement of child support; modifying visitation and custody provisions; imposing penalties; appropriating money; amending Minnesota Statutes 1990, sections 256.019; 257.022, subdivision 2, and by adding a subdivision; 257.025; 257.67, subdivision 3; 357.021, subdivision 1a; 518.003, subdivision 3; 518.14; 518.156, subdivision 1; 518.17, subdivision 1; 518.171, subdivisions 4 and 6; 518.175, subdivisions 1, 3, 6, and 7; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 7, 10, and by adding subdivisions; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 548.091, subdivision 1a; 588.20; and 609.375, subdivisions 1 and 2; Minnesota Statutes 1991 Supplement, sections 214.101, subdivision 1; 357.021, subdivision 2; 518.18; 518.551, subdivisions 5, 5b, and 12; and 518.64, subdivisions 1, 2, and 5; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1990, section 609.37."

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

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

H.F. No. 2608 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2608	1649				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 2707 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
				2707	2511

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2707 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2707 and insert the language after the enacting clause of S.F. No. 2511, the second engrossment; further, delete the title of H.F. No. 2707 and insert the title of S.F. No. 2511, the second engrossment.

And when so amended H.F. No. 2707 will be identical to S.F. No. 2511, and further recommends that H.F. No. 2707 be given its second reading and substituted for S.F. No. 2511, and that the Senate File be indefinitely postponed.

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

Mr. Dahl from the Committee on Education, to which was referred

S.F. No. 2326: A bill for an act relating to education; making technical changes on programs administered by the department of education; amending Minnesota Statutes 1990, sections 121.935, by adding a subdivision; 123.35, by adding a subdivision; 124A.22, by adding subdivisions; 124A.23, subdivision 3; 124A.26, subdivision 2; and 275.125, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 120.17, subdivision 7a; 124.155, subdivision 2; 124.19, subdivision 1; 124.2727, subdivision 6; 124A.03, subdivision 2; 124A.23, subdivision 4; and 124A.24; Laws 1991, chapter 265, articles 7, section 37, subdivision 6; and 9, section 76; repealing Minnesota Statutes 1990, section 124A.23, subdivision 2a;

Minnesota Statutes 1991 Supplement, sections 121.935, subdivision 7; 123.35, subdivision 19; and 124.646, subdivision 2; Laws 1991, chapter 265, articles 2, section 18; 3, section 36; 5, section 17; and 6, section 60.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1991 Supplement, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; 124.575, subdivision 3; and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the *May*, June, and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus ~~37.0~~ *an amount equal to the levy recognized as revenue in June of the prior year plus 50.0* percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~37.0~~ *50.0* percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 124.2725, subdivision 15, 124.4945, and 275.125, subdivisions 4 and 6a, and Laws 1975, chapter 261, section 4, *and article 6, section 9*; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1991 Supplement, section 121.904, subdivision 4e, is amended to read:

Subd. 4e. [COOPERATION LEVY RECOGNITION.] (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 or 124.575.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year *plus an amount equal to the levy recognized as revenue in June of the prior year*; or

(2) ~~37.0~~ *50.0* percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to sections 124.2721, subdivision 3, and 124.575, subdivision 3; and

(ii) the amount of ~~transition~~ *homestead and agricultural credit* aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1990, section 124.155, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF ADJUSTMENT.] Each year state aids and credits enumerated in subdivision 2 payable to any school district, education district, or secondary vocational cooperative for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district, education district, or secondary vocational cooperative recognized as revenue for the prior fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 121.904, subdivision 4e, minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 121.904, subdivision 4e. For the purposes of making the aid adjustment under this subdivision, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 121.904, subdivision 4e, shall not include any amount levied pursuant to ~~section~~ *sections* 124A.03, subdivision 2, *and 275.125, subdivisions 6e and 6i, and article 6, section 18, and article 12, section 22*. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 4. Minnesota Statutes 1990, section 124.17, is amended by adding a subdivision to read:

Subd. 1f. [RESIDENT DISTRICT.] *For the purposes of this chapter, chapter 124A, and section 275.125, if the parent or guardian of a pupil is*

an inmate of the Minnesota correctional facility-Shakopee, the pupil shall be counted as a resident of the district where the pupil lives and usually sleeps or where the person having physical custody of the pupil lives.

Sec. 5. Minnesota Statutes 1991 Supplement, section 124.195, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) The term "other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 124.09, apportionments by the county auditor pursuant to section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) The term "cumulative amount guaranteed" means the sum of the following:

(1) one-third of the final adjustment payment according to subdivision 6; plus

(2) the product of

(i) the cumulative disbursement percentage shown in subdivision 3; times

(ii) the sum of

85 percent of the estimated aid and credit entitlements paid according to subdivision 10; plus

100 percent of the entitlements paid according to subdivisions 8 and 9; plus

the other district receipts; plus

the final adjustment payment according to subdivision 6.

(c) The term "payment date" means the date on which state payments to school districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, ~~the payment shall be made on the immediately preceding business day. If a payment date falls on~~ a Sunday, ~~the payment shall be made on the immediately following business day. If a payment date falls on~~ *or* a weekday which is a legal holiday, the payment shall be made on the immediately ~~preceding~~ *following* business day. The commissioner of education may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

Sec. 6. Minnesota Statutes 1991 Supplement, section 124.195, subdivision 3a, is amended to read:

Subd. 3a. [APPEAL.] The commissioner may revise the payment dates and percentages in subdivision 3 for a district if it is determined that there is an emergency or there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness *or if the commissioner determines that excessive short-term borrowing costs will be incurred by a district, because of the increase in the levy recognition percentage from 37 percent to 50 percent according to sections 1 and 2, and the district can document substantial harm to instructional programs due to these costs*. The commissioner shall establish a process and criteria for school districts to appeal the payment dates and percentages established in subdivision 3.

Sec. 7. Minnesota Statutes 1990, section 124.73, subdivision 1, is amended to read:

Subdivision 1. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.76, for the purpose of anticipating general taxes theretofore levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed ~~50~~ *75* percent of such taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, shall be included.

Sec. 8. [124A.029] [REFERENDUM AND DESEGREGATION REVENUE CONVERSION.]

Subdivision 1. [REVENUE CONVERSION.] *Except as provided under subdivision 4, the referendum authority under section 124A.03 and the levy authority under section 275.125, subdivisions 6e and 6i, of a school district must be converted by the department according to this section.*

Subd. 2. [ADJUSTMENT RATIO.] *For assessment years 1991, 1992, and 1993, the commissioner of revenue must determine for each school district a ratio equal to:*

(1) the net tax capacity for taxable property in the district determined by applying the property tax class rates for assessment year 1990 to the market values of taxable property for each assessment year, divided by

(2) the net tax capacity of the district for the assessment year.

Subd. 3. [RATE ADJUSTMENT.] *The department shall adjust a school district's referendum authority for a referendum approved before July 1, 1991, excluding authority based on a dollar amount, and the levy authority under section 275.125, subdivisions 6e and 6i, by multiplying the sum of the rates authorized by a district under section 124A.03 and the rates in section 275.125, subdivisions 6e and 6i, by the ratio determined under subdivision 2 for the assessment year for which the revenue is attributable. The adjusted rates for assessment year 1993 shall apply to later years for which the revenue is authorized.*

Subd. 4. [PER PUPIL REVENUE OPTION.] *A district may, by school board resolution, request that the department convert the levy authority under section 275.125, subdivisions 6e and 6i, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, 1991, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, 1992. The department shall convert a district's revenue for fiscal year 1994 and later years as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 275.125, subdivisions 6e and 6i, for fiscal year 1993 by the district's 1992-1993 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, the authority expires July 1, 1997.*

Sec. 9. Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 1h, is amended to read:

Subd. 1h. [REFERENDUM EQUALIZATION AID.] (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy. *However, for fiscal year 1993, the aid shall be one-fourth of the difference; for fiscal year 1994, the aid shall be one-half of the difference; and for fiscal year 1995, the aid shall be three-fourths of the difference.*

~~(b) For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a).~~

~~(c) For fiscal year 1994, a district's referendum equalization aid is equal to two-thirds of the amount calculated in clause (a).~~

~~(d)~~ If a district's actual levy for referendum equalization revenue is less than its maximum levy limit, aid shall be proportionately reduced.

Sec. 10. Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM REVENUE.] (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. *The referendum shall be conducted during the calendar year before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year.* Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated ~~net tax capacity~~ *referendum tax* rate *as a percentage of market value* in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring authority. The ballot shall designate the specific number of years, not to exceed five, for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of . . . . . School District No. . . . . , be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed revenue increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county

where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 11. Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 2a, is amended to read:

Subd. 2a. [SCHOOL REFERENDUM LEVY; MARKET VALUE.] Notwithstanding the provisions of subdivision 2, a school referendum levy

approved after November 1, 1992, for taxes payable in 1993 and thereafter, shall be levied against the market value of all taxable property. Any referendum levy amount subject to the requirements of this subdivision shall be certified separately to the county auditor under section 275.07.

~~The ballot shall state the maximum amount of the increased levy as a percentage of market value. the amount that will be raised by that new school referendum tax rate in the first year it is to be levied. and that the new school referendum tax rate shall be used to finance school operations.~~

~~If approved. the amount provided by the new school referendum tax rate applied to the market value for the year preceding the year the levy is certified. shall be authorized for certification for the number of years approved. if applicable. or until revoked or reduced by the voters of the district at a subsequent referendum.~~

All other provisions of subdivision 2 that do not conflict with this subdivision shall apply to referendum levies under this subdivision.

Sec. 12. Minnesota Statutes 1990, section 124A.29, as amended by Laws 1991, chapter 265, article 1, section 25, is amended to read:

124A.29 [RESERVED REVENUE FOR STAFF DEVELOPMENT.]

Subdivision 1. [STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT PROGRAMS.] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $15 times the number of actual pupil units shall be reserved and may be used only to provide staff time for ~~peer review under section 125.12 or 125.17 or~~ staff development programs ~~for~~, *including* outcome-based education, ~~according to~~ *under* section 126.70, subdivisions 1 and 2a. ~~Staff development revenue may be used only for staff time for peer review or outcome-based education activities.~~ The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities ~~that implement outcome-based education~~.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 124C.61.

Subd. 2. [CAREER TEACHER STAFF DEVELOPMENT.] Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of actual pupil units shall be reserved by a district operating a career teacher program according to sections 124C.27 to 124C.31. The revenue may be used only to provide staff development for the career teacher program.

Subd. 3. [ELIGIBILITY FOR REVENUE.] *A school board may use the revenue authorized in this section if it establishes a staff development advisory committee and adopts a staff development plan according to this subdivision. A majority of the advisory committee must be teachers representing various grade levels and subject areas. The advisory committee must also include parents and administrators. The advisory committee shall develop a staff development plan that includes related expenditures and shall submit the plan to the school board. If the school board approves the plan, the district may use the staff development revenue authorized in this section.*

Subd. 4. [CONTENTS OF THE PLAN.] *The plan may include:*

(1) procedures the district will use to analyze education needs;

(2) methods for integrating education needs with in-service and curricular efforts already in progress;

(3) education goals and the means to achieve the goals; and

(4) procedures for evaluating progress toward meeting education needs and goals.

Subd. 5. [PERMITTED USES.] *A school board may approve a plan to accomplish any of the following purposes:*

(1) foster readiness for learning;

(2) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, and community members to address pupils' needs;

(3) develop programs to increase pupils' educational progress by developing appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education;

(4) design and develop programs containing various instructional opportunities that recognize pupils' individual needs and utilize family and community resources;

(5) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;

(6) provide staff time for peer review of probationary, continuing contract, and nonprobationary teachers;

(7) provide teachers with opportunities to study advanced topics in the humanities, sciences, and arts, and to offer opportunities for teachers to engage in scholarly pursuits; and

(8) for programs to develop leadership skills, which may emphasize communication, interaction with parents and the community, evaluation, resource development, and creativity.

Sec. 13. [APPROPRIATION REDUCTIONS.]

For fiscal year 1993, appropriations to the department of education in Laws 1991, chapter 265, and appropriations for any property tax aid or credit paid to school districts from the state's general fund pursuant to Minnesota Statutes, chapter 273, shall be reduced by a combined total of $178,500,000 in a manner consistent with Minnesota Statutes, section 124.155, subdivision 2.

Sec. 14. [LEVY RECOGNITION DIFFERENCES.]

For each school district that levies under Minnesota Statutes, section 124A.03, the commissioner of education shall calculate the difference between:

(1) the amount of the levy, under Minnesota Statutes, section 124A.03, that is recognized as revenue for fiscal year 1993 according to section 1; and

(2) the amount of the levy, under Minnesota Statutes, section 124A.03, that would have been recognized as revenue for fiscal year 1993 had the percentage according to section 1 not been increased.

The commissioner shall reduce other aids due the district by the amount of the difference.

Sec. 15. [REPEALER.]

Minnesota Statutes 1991 Supplement, section 126.70, is repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 10 is effective retroactively to February 1, 1992, applies to any referenda conducted in 1992 and thereafter, and supersedes any enactment affecting school district referendum levies during the 1992 legislative session to the extent any enactment is to the contrary.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1990, section 123.39, subdivision 8d, is amended to read:

Subd. 8d. School districts may provide bus transportation along regular school bus routes when space is available for participants in *learning readiness or* early childhood family education programs if these services do not result in an increase in the district's expenditures for transportation. The costs allocated to these services, as determined by generally accepted accounting principles, shall be considered part of the authorized cost for regular transportation for the purposes of section 124.225.

Sec. 2. Minnesota Statutes 1990, section 123.78, is amended by adding a subdivision to read:

Subd. 1b. [REQUEST FOR TRANSPORTATION BY NONRESIDENT DISTRICTS.] *(a) In lieu of the transportation required by subdivision 1a, upon the request of the parent or guardian of a school child attending a nonpublic school in a district other than the district in which the child resides, the school board of the district in which the school is located shall provide transportation within the district for a nonresident child who resides at least the same distance from a nonpublic school actually attended in the district as public school pupils are transported in the transporting district, whether or not there is a nonpublic school in the child's resident district, if the transportation is to a school maintaining grades or departments not maintained in the district of residence or if the attendance of the child at school can more safely, economically, or conveniently be provided for by such means. The request shall be in writing and submitted to the district in which the nonpublic school is located and the district of residence. The school board may limit the transportation to regular routes and attendance areas established by the board for the purposes of transportation. The state shall pay aid to the nonresident district under section 124.225 for transportation provided according to this paragraph.*

(b) A school board may provide transportation for a nonresident school child attending a nonpublic school in the district, whether or not there is a nonpublic school within the child's resident district, if the transportation is to a school maintaining grades or departments not maintained in the resident district or if the attendance of the child at school can more safely, economically, or conveniently be provided for by such means. A school board may transport a school child within the resident district only with the approval of the resident district. A parent or guardian may appeal the refusal of the resident district to the commissioner of education according

to section 123.39, subdivision 6. The state shall not pay aid under section 124.225 to the nonresident district for transportation provided outside the nonresident district according to this paragraph.

(c) This subdivision does not apply to a school district located in a city of the first class or located entirely within the seven-county metropolitan area.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1990, section 120.17, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SPECIAL INSTRUCTION.] *(a)* Special instruction and services for handicapped children must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

~~(a)~~ *(1)* connection with attending regular elementary and secondary school classes;

~~(b)~~ *(2)* establishment of special classes;

~~(c)~~ *(3)* at the home or bedside of the child;

~~(d)~~ *(4)* in other districts;

~~(e)~~ *(5)* instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the handicapped child belongs;

~~(f)~~ *(6)* in a state residential school or a school department of a state institution approved by the commissioner;

~~(g)~~ *(7)* in other states;

~~(h)~~ *(8)* by contracting with public, private or voluntary agencies;

~~(i)~~ *(9)* for children under age five and their families, programs and services established through collaborative efforts with other agencies;

~~(j)~~ *(10)* for children under age five and their families, programs in which handicapped children are served with nonhandicapped children; and

~~(k)~~ *(11)* any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

(c) The primary responsibility for the education of a handicapped child shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used. The district of residence must inform the parents of the child about the methods of instruction that are available.

(d) Paragraphs (e) to (i) may be cited as the "blind persons' literacy rights and education act."

(e) The following definitions apply to paragraphs (f) to (i).

"Blind student" means an individual who is eligible for special educational services and who:

(1) has a visual acuity of 20/200 or less in the better eye with correcting lenses or has a limited field of vision such that the widest diameter subtends an angular distance of no greater than 20 degrees; or

(2) has a medically indicated expectation of visual deterioration.

"Braille" means the system of reading and writing through touch commonly known as standard English Braille.

"Individualized education plan" means a written statement developed for a student eligible for special education and services pursuant to this section and section 602(a)(20) of part A of the Individuals with Disabilities Education Act, 20 United States Code, section 1401(a).

(f) In developing an individualized education plan for each blind student the presumption must be that proficiency in Braille reading and writing is essential for the student to achieve satisfactory educational progress. The assessment required for each student must include a Braille skills inventory, including a statement of strengths and deficits. Braille instruction and use are not required by this paragraph if, in the course of developing the student's individualized education program, team members concur that the student's visual impairment does not affect reading and writing performance commensurate with ability. This paragraph does not require the exclusive use of Braille if other special education services are appropriate to the student's educational needs. The provision of other appropriate services does not preclude Braille use or instruction. Instruction in Braille reading and writing shall be available for each blind student for whom the multidisciplinary team has determined that reading and writing is appropriate.

(g) Instruction in Braille reading and writing must be sufficient to enable each blind student to communicate effectively and efficiently with the same level of proficiency expected of the student's peers of comparable ability and grade level.

(h) The student's individualized education plan must specify:

(1) the results obtained from the assessment required under paragraph (f);

(2) how Braille will be implemented as the primary mode for learning through integration with other classroom activities;

(3) the date on which Braille instruction will begin;

(4) the length of the period of instruction and the frequency and duration of each instructional session;

(5) the level of competency in Braille reading and writing to be achieved by the end of the period and the objective assessment measures to be used; and

(6) if a decision has been made under paragraph (f) that Braille instruction or use is not required for the student:

(i) a statement that the decision was reached after a review of pertinent literature describing the educational benefits of Braille instruction and use; and

(ii) a specification of the evidence used to determine that the student's ability to read and write effectively without Braille is not impaired.

(i) Instruction in Braille reading and writing is a service for the purpose

of special education and services under section 120.17.

(j) Paragraphs (e) to (i) shall not be construed to supersede any rights of a parent or guardian of a child with a disability under federal or state law.

Sec. 2. Minnesota Statutes 1990, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

(1) all ~~handicapped children~~ *students with disabilities* are provided the special instruction and services which are appropriate to their needs. The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, ~~and~~ community *participation, recreation, and leisure and home* living. *The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded*;

(2) handicapped children under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) handicapped children and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of handicapped children;

(4) to the maximum extent appropriate, handicapped children, including those in public or private institutions or other care facilities, are educated with children who are not handicapped, and that special classes, separate schooling, or other removal of handicapped children from the regular educational environment occurs only when and to the extent that the nature or severity of the handicap is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(5) in accordance with recognized professional standards, testing and evaluation materials, and procedures utilized for the purposes of classification and placement of handicapped children are selected and administered so as not to be racially or culturally discriminatory; and

(6) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 3. Minnesota Statutes 1991 Supplement, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (e) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation shall be deemed to be satisfied;

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of handicapped children. The mediation process must be offered as an informal alternative to the due process hearing provided under clause (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education

or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(f) The decision of the hearing officer pursuant to clause (e) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (g).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(g) Any local decision issued pursuant to clauses (e) and (f) may be appealed to the hearing review officer within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final independent decision based on an impartial review of the local decision and the entire record within ~~60~~ *30* calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the

rules of the state board.

(h) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(i) The commissioner of education shall select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal; and

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the state department of education, the state board of education, or a parent advocacy organization or group.

(j) In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

(k) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(l) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

Sec. 4. Minnesota Statutes 1991 Supplement, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota state academy for the deaf or the Minnesota state academy for the blind shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2, that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board

shall make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged shall not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education aid for the child. The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. Tuition received by the state board, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

(c) In addition to the tuition charge allowed in clause (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this clause must be used by the academies to provide the required service.

(d) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(e) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (d) for providing appropriate educational programs to pupils attending the applicable school.

(f) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

(g) On May 1 of each year, the state board shall count the actual number of Minnesota resident elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in clause (g), subclauses (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of education for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section. *A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.*

Sec. 5. Minnesota Statutes 1990, section 120.17, subdivision 16, is amended to read:

Subd. 16. [COMMUNITY TRANSITION INTERAGENCY COMMITTEE.] A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, shall establish a community transition interagency committee for ~~handicapped~~ youth *with disabilities*, beginning at grade 9 or age equivalent, and their families. Members of the committee shall consist of representatives from special education; vocational and regular education; community education; post-secondary education and training institutions; *adults with disabilities who have received transition services, if such adults are available;* parents of ~~handicapped~~ youth *with disabilities*; local business or industry; rehabilitation services; county social services; health agencies; and additional public or private adult service providers as appropriate. The committee shall elect a chair and shall meet regularly. The committee shall:

(1) identify current services, programs, and funding sources provided within the community for secondary and post-secondary aged ~~handicapped~~ youth *with disabilities* and their families;

(2) facilitate the development of multiagency teams to address present and future transition needs of individual students on their individual education plans;

(3) develop a community plan to include mission, goals, and objectives, and an implementation plan to assure that transition needs of ~~handicapped~~ individuals *with disabilities* are met;

(4) recommend changes or improvements in the community system of transition services;

(5) exchange agency information such as appropriate data, effectiveness studies, special projects, exemplary programs, and creative funding of programs; and

(6) *following procedures determined by the commissioner,* prepare a yearly summary assessing the progress of transition services in the community ~~and disseminate it~~, *including follow-up of individuals with disabilities who were provided transition services to determine the outcomes. The summary must be disseminated* to all adult services agencies involved in the planning and to the commissioner of education by ~~September~~ *October* 1 of each year.

Sec. 6. Minnesota Statutes 1991 Supplement, section 120.181, is amended to read:

120.181 [~~TEMPORARY PLACEMENTS FOR CARE AND TREATMENT~~ *PLACEMENT* OF NONHANDICAPPED ~~PUPILS~~*: EDUCATION AND TRANSPORTATION*.]

The responsibility for providing instruction and transportation for a nonhandicapped pupil who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined ~~in the following manner:~~ *as provided in this section.*

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) Prior to the placement of a pupil for care and treatment, the district of residence shall be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, shall notify the district of residence of the emergency placement within 15 days of the placement.

(c) When a nonhandicapped pupil is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. *The nonresident district may contract with a facility to provide instruction by licensed teachers.*

(d) When a nonhandicapped pupil is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction for the pupil and necessary transportation within that district while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a nonhandicapped pupil is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil shall send timely written notice of the placement to the district of residence. *The nonresident district may contract with a residential facility to provide instruction by licensed teachers.*

(e) The district of residence shall ~~receive general education aid for~~ *include* the pupil *in its resident count of pupil units* and pay tuition ~~and other instructional costs, excluding transportation costs.~~ *as provided in section 124.18* to the district providing the instruction. Transportation costs shall be paid by the district providing the transportation and the state shall pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision shall be included in the handicapped transportation category.

Sec. 7. Minnesota Statutes 1991 Supplement, section 125.62, subdivision 6, is amended to read:

Subd. 6. [ELIGIBILITY FOR SCHOLARSHIPS AND LOANS.] The following Indian people are eligible for scholarships:

(1) a student, including a teacher aide employed by a district receiving a joint grant, who intends to become a teacher and who is enrolled in a

post-secondary institution receiving a joint grant;

(2) a licensed employee of a district receiving a joint grant, who is enrolled in a master of education program; and

(3) a student who, after applying for federal and state financial aid and an Indian scholarship according to section 124.48, has financial needs that remain unmet. Financial need shall be determined according to the ~~uniform~~ *congressional* methodology for needs determination.

A person who has actual living expenses in addition to those addressed by the ~~uniform~~ *congressional* methodology for needs determination may receive a loan according to criteria established by the state board. A contract shall be executed between the state and the student for the amount and terms of the loan.

Sec. 8. Minnesota Statutes 1990, section 128A.09, is amended by adding a subdivision to read:

Subd. 1a. [CONTRACTS; FEES; APPROPRIATION.] *The state board may enter into agreements for the academies to provide respite care and supplemental educational instruction and services including assessments and counseling. The agreements may be made with public or private agencies or institutions, school districts, education cooperative service units, or counties. The board may authorize the academies to provide conferences, seminars, nondistrict and district requested technical assistance, and production of instructionally related materials.*

Sec. 9. Minnesota Statutes 1990, section 128A.09, subdivision 2, is amended to read:

Subd. 2. [FEES; APPROPRIATION.] Income ~~from fees for conferences, seminars, nondistrict technical assistance, and production of instructionally-related materials~~ *received under section 8* must be deposited in the state treasury and credited to a revolving fund of the academies. Money in the revolving fund for fees from conferences, seminars, ~~nondistrict~~ technical assistance, ~~and~~ production of instructionally-related materials *and other services* is annually appropriated to the academies to defray expenses of ~~the conferences, seminars, technical assistance, and production of materials~~ *those services*. Payment from the revolving fund for conferences and other fees may be made only according to vouchers authorized by the administrator of the academies.

Sec. 10. Minnesota Statutes 1991 Supplement, section 128B.10, subdivision 2, is amended to read:

Subd. 2. [STATE AUDIT.] The state auditor shall conduct an audit of the school's finances for each ~~even-numbered~~ fiscal year without charge to the school. The report of each audit shall be submitted to the White Earth reservation tribal council, the Pine Point Indian education committee, the commissioner of education, and the legislative reference library.

Sec. 11. Laws 1991, chapter 265, article 3, section 39, subdivision 16, is amended to read:

Subd. 16. [INDIAN TEACHER PREPARATION GRANTS.] For joint grants to assist Indian people to become teachers:

$190,000 1992

$190,000 1993

~~Up to~~ *Initially* $70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.

~~Up to~~ *Initially* $40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and the Red Lake school district;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college and the Minneapolis school district.

Money not used for students at one location may be transferred for use at another location.

Any unexpended balance remaining the first year does not cancel but is available in the second year.

Sec. 12. [LAND TRANSFER TO FARIBAULT SCHOOL DISTRICT.]

Subdivision 1. [CONVEYANCE PERMITTED.] *(a) Notwithstanding Minnesota Statutes, chapters 94 and 103F, the state of Minnesota may convey the land described in paragraph (b) to independent school district No. 656, Faribault.*

(b) The land which may be conveyed under paragraph (a) is legally described in general as follows:

"All that part of the Southeast Quarter of the Southwest Quarter (SE 1/4 of SW 1/4) and all that part of the Southwest Quarter of the Southeast Quarter (SW 1/4 of SE 1/4), all in Section 29, Township 110 North, Range 20 West, in the City of Faribault, Rice County, Minnesota, owned by the state of Minnesota or any department or division thereof."

or

"All that part of the Northwest Quarter of the Southwest Quarter (NW 1/4 of SW 1/4) of Section 28, and of the Northeast Quarter of the Southeast Quarter (NE 1/4 of SE 1/4) of Section 29, all in Township 110 North, Range 20 West, Rice County, Minnesota, owned by the State of Minnesota or any department or division thereof."

(c) A more precise legal description in substantial conformance with the description in paragraph (b) must be provided by the grantee in the instruments of conveyance. Both the precise legal descriptions and the instruments of conveyance must be approved as to form by the attorney general.

Subd. 2. [CONSIDERATION.] *The consideration for the conveyance permitted by subdivision 1 is the amount at which the parcel or parcels are appraised by a qualified state appraiser who is appointed by agreement of the parties.*

Subd. 3. [APPROPRIATION.] *The proceeds of the sale are appropriated to the department of education for the use of the state academies for whose account the sale is made, and may be used for capital improvements at the academies.*

Subd. 4. [PURPOSE.] *The land permitted to be conveyed under subdivision 1 is to be used as part of a site for an elementary school.*

Sec. 13. [BASE ADJUSTMENT.]

Upon request of a school district that is eligible for and receives alternative

delivery revenue under Minnesota Statutes, section 124.322, the commissioner of education shall adjust the district's revenue base and revenue for fiscal years 1992 and 1993 to reflect any new service requirements imposed upon the district. The adjustments shall be made to the district's aid and levy. However, the adjustment may not result in a reduction in state aid to any other district.

Sec. 14. [APPROPRIATION.]

There is appropriated from the general fund to the department of education $25,000 for fiscal year 1993 for a grant to independent school district No. 518, Worthington, for planning the construction of new residential facilities for the Lakeview program for students with disabilities. The grant must be matched with money from nonstate sources.

Sec. 15. [REPEALER.]

Minnesota Statutes 1990, sections 126.071, subdivisions 2, 3, and 4; 128A.022, subdivisions 5 and 7; and 128A.024, subdivision 1; and Minnesota Statutes 1991 Supplement, section 126.071, subdivision 1, are repealed.

ARTICLE 4

EARLY CHILDHOOD, COMMUNITY, AND ADULT EDUCATION

Section 1. Minnesota Statutes 1991 Supplement, section 124.2601, subdivision 6, is amended to read:

Subd. 6. [AID GUARANTEE.] Any adult basic education program that receives less state aid under ~~subdivision~~ *subdivisions* 3 *and 7* than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

Sec. 2. Laws 1991, chapter 265, article 4, section 30, subdivision 9, is amended to read:

Subd. 9. [GED TESTS.] For payment of 60 percent of the costs of GED tests *but not more than $20 for all of the tests for a student*:

$180,000 1993

Sec. 3. Laws 1991, chapter 265, article 4, section 30, subdivision 11, is amended to read:

Subd. 11. [GED AND LEARN TO READ ON TV.] For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series and the learn to read on TV series:

$100,000 1992

$100,000 1993

The department may contract for these services.

~~Up to $10,000 of this appropriation for each fiscal year is available to contract for these services.~~

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1990, section 124.243, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE FACILITIES REVENUE.] Capital expenditure facilities revenue for a district equals the lesser of:

(1) ~~$130~~ *$125* times its actual pupil units for the school year; or

(2) the difference between $400 times the actual pupil units for the school year and the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year. ~~For the purpose of determining revenue for the 1989-1990 and the 1990-1991 school years, the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year is zero.~~

Sec. 2. Minnesota Statutes 1990, section 124.243, subdivision 6, is amended to read:

Subd. 6. [USES OF REVENUE.] Capital expenditure facilities revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes, if approved by the commissioner of education according to applicable statutes and rules;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to ~~equip, reequip,~~ improve, and repair school sites, *and* buildings, and *equip or reequip school buildings with* permanent attached fixtures;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by handicapped individuals;

(7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123.36, subdivision 10;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and

(15) to purchase or lease interactive telecommunications equipment.

Sec. 3. Minnesota Statutes 1990, section 124.244, subdivision 1, is amended to read:

Subdivision 1. [REVENUE AMOUNT.] The capital expenditure equipment revenue for each district equals ~~$65~~ *$60* times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Sec. 4. Minnesota Statutes 1991 Supplement, section 124.84, subdivision 3, is amended to read:

Subd. 3. [LEVY AUTHORITY.] The district may levy up to ~~$150,000 each year for two years~~ *$300,000 under this section*, as approved by the commissioner. *The approved amount may be levied over five or fewer years.*

Sec. 5. Minnesota Statutes 1991 Supplement, section 124.95, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the required debt service levy of a district, *intermediate school district, or a joint powers district formed according to section 121.155 or 124.494* is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations, *excluding obligations under section 124.2445*, of the district *for eligible projects according to subdivision 2*, including the amounts necessary for repayment of energy loans according to section 216C.37 *or sections 298.292 to 298.298*, debt service loans and capital loans, minus

(2) the amount of ~~any surplus remaining in the debt service fund when the obligations and interest on them have been paid~~ *debt service excess for that school year calculated according to the procedure established by the commissioner*.

Sec. 6. Minnesota Statutes 1991 Supplement, section 124.95, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] ~~To be eligible for debt service equalization revenue, the following conditions must be met~~ *The following portions of a district's debt service levy qualify for debt service equalization*:

(1) ~~the required debt service levy of a district must exceed the amount raised by a level of eight percent times the adjusted net tax capacity of the district~~ *debt service for repayment of principal and interest on bonds issued before July 2, 1992*;

(2) *debt service for bonds refinanced after July 1, 1990, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and*

(3) debt service for ~~bond issues approved~~ *bonds issued* after July 1, 1990, ~~the~~ *for* construction ~~project must~~ *projects that* have received a positive review and comment according to section 121.15~~;~~, *if* ~~(3)~~ the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, ~~for new projects;~~ and *if* ~~(4)~~ the bond schedule ~~must be~~ *has been* approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule. *Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.*

Sec. 7. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 11h. [EXTRA CAPITAL EXPENDITURE LEVY FOR CERTAIN LEASE PURCHASES.] *(a) Upon application to and approval by the commissioner in accordance with the procedures and limits in subdivision 11d, a district, as defined in this subdivision, may:*

(1) purchase real property under an installment contract or may lease real property with an option to purchase under a lease purchase agreement by which installment contract or lease purchase agreement title is held by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

The obligation created by the installment contract or the lease purchase agreement may not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under any other statute. An election is not required in connection with the execution of the installment contract or the lease purchase agreement. The district may terminate the installment contract or lease purchase agreement at the end of any fiscal year during its term.

The proceeds of the levy authorized by this subdivision may not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(b) For the purposes of this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district described in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

Notwithstanding subdivision 11d, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to a levy authorized by this subdivision.

Sec. 8. Minnesota Statutes 1991 Supplement, section 373.42, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] A county facilities group consists of at least one representative from the county board, one representative from each city located within the county, one representative from each school district located within the county, up to three representatives of townships selected by the county board, and two other members selected by the county board. *For the purposes of this section, a school district is located within a county if the district administrative offices are located in the county.*

Sec. 9. Laws 1991, chapter 265, article 5, section 18, is amended to read:

Sec. 18. [BONDS FOR CERTAIN CAPITAL FACILITIES.]

In addition to other bonding authority, with approval of the commissioner, independent school districts No. 393, LeSueur, No. 508, St. Peter, ~~and~~ No.

734, Henderson, *No. 392, Le Center, and No. 2071, Lake Crystal-Wellcome Memorial*, may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including equipping school buildings, improving handicap accessibility to school buildings, and bringing school buildings into compliance with fire codes.

Before a district issues bonds under this subdivision, it must publish notice of the intended projects, related costs, and the total amount of district indebtedness.

A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's action. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than the current year for the next ten years. Once finally authorized, the district must set aside 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with Minnesota Statutes, chapter 475, except as otherwise provided in this section.

Sec. 10. Laws 1991, chapter 265, article 5, section 23, is amended to read:

Sec. 23. [MAXIMUM EFFORT CAPITAL LOAN DEBT REDEMPTION EXCESS.]

(a) Notwithstanding Minnesota Statutes, section 124.431, subdivision 11, or any other law to the contrary, a school district having an outstanding capital loan that has an excess amount in the debt redemption fund as calculated according to Minnesota Statutes, section 124.431, subdivision 11, may ~~apply to the commissioner for an adjustment to the amount of~~ *reduce the* excess owed to the state. ~~The commissioner may reduce~~ The excess ~~that a district owes the state~~ *shall be reduced by up to $200,000* if a district's capital loan is outstanding and if the commissioner determines that any of the following conditions apply:

(1) a district is likely to incur a substantial property tax delinquency that will adversely affect the district's ability to make its scheduled bond payments;

(2) a district's agreement with its bondholders or its taxpayers could be impaired; or

(3) the district's tax capacity per pupil is less than one-tenth of the

equalizing factor as defined in Minnesota Statutes, section 124A.02, subdivision 8.

(b) ~~The amount of the excess that may be forgiven may not exceed $200,000 in a single year for any district.~~ *Notwithstanding any law to the contrary, the commissioner shall not reduce or require the reduction of any levy of the district as a result of the district's retention of any excess that would otherwise be paid to the state. The amount retained by the district may be used for cash flow purposes until the last year the district levies for debt service for outstanding district bonds when the debt service levy of the district shall be reduced by the excess retained by the district, plus interest, as a result of this section.*

Sec. 11. [HEALTH AND SAFETY.]

Notwithstanding other law, independent school district No. 280, Richfield, to pay its pre-1989 fire safety loan from the city of Richfield, may revise the health and safety part of the district's capital plan to include the principal and interest on the loan payment, now funded by the facilities part, with the result that the loan principal and interest will be paid off before July 1, 1994.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1991 Supplement, section 121.912, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.] A school district that ~~has reorganized~~ *is reorganizing* according to section 122.22, 122.23, or sections 122.241 to 122.248 may make permanent transfers between any of the funds in the *preexisting*, newly created, or enlarged district with the exception of the debt redemption fund. Fund transfers under this section may be made only during the year *before or the year* following the effective date of reorganization.

Sec. 2. Minnesota Statutes 1991 Supplement, section 121.915, is amended to read:

121.915 [REORGANIZATION OPERATING DEBT.]

The "reorganization operating debt" of a school district means the net negative undesignated fund balance in all school district funds, other than capital expenditure, building construction, debt redemption, trust and agency, and post-secondary vocational technical education funds, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts as of:

(1) June 30 of the fiscal year before the first year that a district receives revenue according to section 124.2725; or

(2) June 30 of the fiscal year before the effective date of reorganization according to section 122.22 ~~or~~, 122.23, *or sections 122.241 to 122.248*.

Sec. 3. Minnesota Statutes 1991 Supplement, section 122.22, subdivision 9, is amended to read:

Subd. 9. An order issued under subdivision 8, clause (b), shall contain the following:

(a) A statement that the district is dissolved unless the results of an

election held pursuant to subdivision 11 provide otherwise;

(b) A description by words or plat or both showing the disposition of territory in the district to be dissolved;

(c) The outstanding bonded debt, outstanding energy loans made according to section 216C.37 or sections 298.292 to 298.298, and the capital loan obligation of the district to be dissolved;

(d) A statement requiring the fulfillment of the requirements imposed by each adjoining district to which territory in the dissolving district is to be attached regarding the assumption of its outstanding preexisting bonded indebtedness by any territory from the dissolving district which is attached to it;

(e) An effective date for the order. The effective date shall be at least ~~three~~ *two* months after the date of the order, and shall be July 1 of an odd-numbered year *unless the school board and the exclusive representative of the teachers in each affected district agree to an effective date of July 1 of an even-numbered year. The agreement must be in writing and submitted to the commissioner of education*; and

(f) Other information the county board may desire to include.

The auditor shall within ten days from its issuance serve a copy of the order by mail upon the clerk of the district to be dissolved and upon the clerk of each district to which the order attaches any territory of the district to be dissolved and upon the auditor of each other county in which all or any part of the district to be dissolved or any district to which the order attaches territory lies, and upon the commissioner.

Sec. 4. Minnesota Statutes 1991 Supplement, section 122.23, subdivision 2, is amended to read:

Subd. 2. (a) Upon a resolution of a school board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is lesser, the county auditor of the county which contains the greatest land area of the proposed new district shall forthwith cause a plat to be prepared. The resolution or petition shall show the approximate area proposed for consolidation.

(b) The resolution or petition may propose the following:

(1) that the bonded debt of the component districts will be paid according to the levies previously made for that debt under chapter 475, as provided in subdivision 16a, or that the taxable property in the newly created district will be taxable for the payment of all or a portion of the bonded debt previously incurred by any component district as provided in subdivision 16b;

(2) that obligations for a capital loan or an energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding in a preexisting district as of the effective date of consolidation remain solely with the preexisting district that obtained the loan, or that all or a portion of the loan obligations will be assumed by the newly created or enlarged district and paid by the newly created or enlarged district on behalf of the preexisting district that obtained the loan;

(3) that referendum levies previously approved by voters of the component districts pursuant to section 124A.03, subdivision 2, or its predecessor

provision, be combined as provided in section 122.531, subdivision 2a or 2b, or that the referendum levies be discontinued:

(4) that the board of the newly created district consist of ~~seven~~ *the number of* members *determined by the component districts, which may be six or seven members elected according to subdivision 18, or existing school board members of the component districts, and a method to gradually reduce the membership to six or seven*; or

(5) that separate election districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts be established. If a county auditor receives more than one request for a plat and the requests involve parts of identical districts, the auditor shall forthwith prepare a plat which in the auditor's opinion best serves the educational interests of the inhabitants of the districts or areas affected.

(c) The plat shall show:

(1) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(2) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(3) The boundaries of any proposed separate election districts, and

(4) Other pertinent information as determined by the county auditor.

Sec. 5. Minnesota Statutes 1990, section 122.23, subdivision 13, is amended to read:

Subd. 13. If a majority of the votes cast on the question at the election approve the consolidation, and if the necessary approving resolutions of boards entitled to act on the plat have been adopted, the school board shall, within ten days of the election, notify the county auditor who shall, within ten days of the notice or of the expiration of the period during which an election can be called, issue an order setting a date for the effective date of the change. The effective date shall be at least ~~three~~ *two* months after the day when the date must be set, and shall be July 1 of an odd-numbered year, unless an even-numbered year is agreed upon according to subdivision 13a. The auditor shall mail or deliver a copy of such order to each auditor holding a copy of the plat and to the clerk of each district affected by the order and to the commissioner. The school board shall similarly notify the county auditor if the election fails. The proceedings are then terminated and the county auditor shall so notify the commissioner and the auditors and the clerk of each school district affected.

Sec. 6. Minnesota Statutes 1990, section 122.241, subdivision 3, is amended to read:

Subd. 3. [COMBINATION REQUIREMENTS.] Combining districts must be contiguous and meet one of the following requirements at the time of combination:

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department of education, of enrollment at least at that level for five years;

(2) at least two districts~~,~~ *if either:*

(i) both of ~~which~~ *the districts* qualify for *secondary* sparsity revenue under

section 124A.22, subdivision 6, and have an average isolation index over 23; *or*

(ii) the combined district qualifies for secondary sparsity revenue; ~~or~~

(3) at least three districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district; *or*

(4) at least two districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district if either district is located on the border of the state.

A combination under clause (3) *or (4)* must be approved by the state board of education. The state board shall disapprove a combination under clause (3) *or (4)* if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 7. Minnesota Statutes 1991 Supplement, section 122.242, subdivision 9, is amended to read:

Subd. 9. [FINANCES.] The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether all or a portion of the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 121.915, clause (1); and

(5) ~~two-, five-, and ten-year~~ *two- and five-year* projections, prepared by the department of education upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 8. Minnesota Statutes 1990, section 122.531, is amended by adding a subdivision to read:

Subd. 2d. [CONSOLIDATION; REFERENDUM LEVY COMPUTATION.] *The levy part of the referendum revenue authorized under subdivision 2a or 2b may be levied against all taxable property in the newly created district as provided in this subdivision. If the entire amount of the referendum levy in each of the component districts had been levied against the net tax capacity of all taxable property in the district, the referendum levy for the newly created district must be levied against the net tax capacity of all taxable property in the newly created district. If the entire amount of the referendum levy in each of the component districts had been levied against the market value of all taxable property in the district, the referendum levy for the newly created district must be levied against the market value of all taxable property in the newly created district. If a part of the referendum levy in one or more of the component districts was levied against the net*

tax capacity of all taxable property in the district and a part of the referendum levy in one or more of the component districts had been levied against the market value of all taxable property in the district, and the plan for consolidation so provides, or the plan for consolidation makes no provision concerning referendum levies, the entire amount of the referendum levy for the newly created district must be levied against the net tax capacity of all taxable property in the newly created district. Alternatively, if a portion of the referendum levy in one or more of the component districts had been levied against the net tax capacity of all taxable property in the district and a portion of the referendum levy in one or more of the component districts was levied against the market value of all taxable property in the district, and the plan for consolidation so provides, the entire amount of the referendum levy for the newly created district must be levied against the market value of all taxable property in the newly created district.

Sec. 9. Minnesota Statutes 1990, section 122.531, is amended by adding a subdivision to read:

Subd. 9. [LEVY FOR SEVERANCE PAY OR EARLY RETIREMENT INCENTIVES.] *The school board of a newly created or enlarged district, according to section 122.22 or 122.23, may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the dissolution or consolidation, if the commissioner of education approves the incentives and the amount to be levied. The amount may be levied over a period of up to five years and shall be spread in whole or in part on the property of a preexisting district or the newly created or enlarged district, as determined by the school board of the newly created or enlarged district.*

Sec. 10. Minnesota Statutes 1990, section 122.532, subdivision 2, is amended to read:

Subd. 2. As of the effective date of any consolidation or the dissolution of any district and its attachment to one or more existing districts, each teacher employed by an affected district shall be assigned to the newly created or enlarged district ~~in which is located the building where that teacher was primarily employed prior to the consolidation or dissolution and attachment~~ *according to subdivision 3.*

Sec. 11. [122.911] [DISTRICTS MAY BE EDUCATION DISTRICTS.]

The boards of intermediate district Nos. 287, 916, and 917, acting individually, and the boards of independent school district No. 625, Saint Paul, and special school district No. 1, Minneapolis, acting jointly, may petition the state board to exercise some or all of the powers of an education district under sections 122.91 to 122.95 within the territory of the petitioning district or districts. The commissioner shall make a recommendation on the disposition of the petition to the state board.

Sec. 12. Minnesota Statutes 1991 Supplement, section 124.2721, subdivision 5a, is amended to read:

Subd. 5a. [USES OF REVENUE.] For fiscal year 1994 and thereafter, education district revenue shall be used ~~only for one or more of the following purposes: (1)~~ *to provide in conjunction with at least one other school district or to* purchase educational programs offered by another school district, education district, secondary vocational cooperative, special education cooperative, intermediate school district, joint powers board, or an ECSU~~:~~ *only for one or more of the following services:*

~~(2)~~ *(1)* provide educational programs offered by an education district;

~~(3)~~ *(2)* provide additional revenue for early childhood family education programs, head start programs, or other educational programs for children who have not entered kindergarten;

~~(4)~~ *(3)* provide additional revenue for early childhood health and developmental screening or other health services for children from birth through 12th grade;

~~(5)~~ *(4)* provide services needed by pupils described in section 126.22 or children of any age who have characteristics, as designated by the district, that may interfere with learning and developing;

~~(6)~~ *(5)* provide secondary course offerings if the courses have specific learner outcomes and teachers participate in determining the outcomes;

~~(7) provide preparation time for elementary teachers or additional revenue for staff development for outcome-based education or site-based decision making;~~

~~(8)~~ *(6)* provide revenue for expenditures related to interdistrict cooperation according to section 122.541, agreements for secondary education according to section 122.535, additional revenue for cooperation and combination according to sections 122.241 to 122.248, dissolution and attachment according to section 122.22, or consolidation according to section 122.23;

~~(9)~~ *(7)* provide additional revenue for education programs for adults to earn high school diplomas or equivalency certificates;

~~(10)~~ *(8)* collaborate with local health and human service agencies to provide comprehensive and coordinated services for children and families; *or*

~~(11)~~ *(9)* implement a career teacher program according to sections 124C.27 to 124C.31~~;~~

~~(12) provide extended day programs for children in elementary school;~~

~~(13) pay fees charged by a regional management information center, according to section 121.935, subdivision 6, or an educational cooperative service unit, according to section 123.58, subdivision 9; or~~

~~(14) make repairs or improvements to buildings as required by a fire safety inspection according to section 121.1502~~.

The school district may provide the programs and services ~~itself~~ *in conjunction with at least one other school district* or contract with a public education organization or a public or private health or human service organization. The school district shall not use education district revenue to increase the salaries of the employees of the school district.

Sec. 13. Minnesota Statutes 1990, section 124.2725, subdivision 2, is amended to read:

Subd. 2. [COOPERATION AND COMBINATION REVENUE.] Cooperation and combination revenue equals, for each resident and nonresident pupil receiving instruction in a cooperating or combined district, ~~$100~~ *$90* times the actual pupil units. A district may not receive revenue under this section if it levies under section 275.125, subdivision 8e.

Sec. 14. Minnesota Statutes 1990, section 124A.22, subdivision 2a, is amended to read:

Subd. 2a. [CONTRACT DEADLINE AND PENALTY.] (a) The following definitions apply to this subdivision:

"Public employer" means:

(1) a school district; and

(2) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129, or 136D, or 268A, or section 275.125.

"Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, or state board of technical colleges.

(b) Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers shall both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall be reduced. However, state aid shall not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

State aid shall also not be reduced if a school board proceeding under section 122.22 or 122.23 and the exclusive representative of the teachers both sign a collective bargaining agreement on or before March 15 of an even-numbered calendar year.

(c) The reduction shall equal $25 times the number of actual pupil units:

(1) for a school district, that are in the district during that fiscal year; or

(2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.

The department of education shall determine the number of full-time equivalent actual pupil units in the programs. The department of education shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.

(d) Reductions from aid to school districts and public employers other than school districts shall be returned to the general fund.

Sec. 15. Minnesota Statutes 1990, section 136D.22, subdivision 1, is amended to read:

Subdivision 1. [BOARD.] The agreement shall provide for a joint school board representing the parties to the agreement. The agreement shall specify the name of the board, the number and manner of election or appointment of its members, their terms and qualifications, and other necessary and

desirable provisions. ~~Each member of the board shall be a school board member of a school district that is a party to the agreement.~~

Sec. 16. Minnesota Statutes 1991 Supplement, section 136D.72, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The district shall be operated by a school board consisting of at least one member from each of the school districts within the special intermediate school district. Board members ~~shall be members of the school boards of the respective school districts and~~ shall be appointed by their respective school boards. Members shall serve at the pleasure of their respective school boards and may be subject to recall by a majority vote of the school board. They shall report at least quarterly to their boards on the activities of the intermediate district.

Sec. 17. Minnesota Statutes 1990, section 136D.82, subdivision 1, is amended to read:

Subdivision 1. [BOARD.] The agreement shall provide for a joint school board representing the parties to the agreement. The agreement shall specify the name of the board, the number and manner of election or appointment of its members, their terms and qualifications, and other necessary and desirable provisions. ~~Each member of the board shall be a school board member of a school district that is a party to the agreement.~~

Sec. 18. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 8f. [SPECIAL COOPERATION LEVY.] *(a) This subdivision does not apply to a district that is a member of intermediate school district No. 287, 916, or 917, or to a district with fewer than 30,000 actual pupil units. A school district may levy each year under this subdivision if it:*

(1) provides special education services to at least 3,200 resident and 100 nonresident pupils;

(2) develops model curricula for use by nonresident special education pupils;

(3) consults with other school districts on developing individual education plans for nonresident special education pupils on a regular or emergency basis;

(4) provides secondary vocational programs to resident and nonresident at-risk youths;

(5) provides pregnant teen and teen parent programs to resident and nonresident pupils; and

(6) provides staff development programs and material for teachers in other districts.

(b) The levy may not exceed the result of the following computation:

(1) divide the amount of levy certified for taxes payable in 1989 by intermediate school districts No. 287, 916, and 917 by the actual pupil units in each district for fiscal year 1990;

(2) add the amounts computed in clause (1) for each intermediate school district and divide by 3; and

(3) multiply the amount in clause (2) by the actual pupil units in the school district for that school year.

Sec. 19. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 11g, is amended to read:

Subd. 11g. [EXTRA CAPITAL EXPENDITURE LEVY FOR INTERACTIVE TELEVISION.] A school district with its central administrative office located within economic development region one, two, three, four, five, *six*, seven, eight, *nine*, and ten may levy up to *the greater of* .5 percent of the adjusted net tax capacity of the district *or $25,000* for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 11d shall apply to the levy authority in this subdivision.

Sec. 20. [EARLY RECOGNITION OF SPECIAL COOPERATION LEVY.]

A school district may recognize the proceeds of the levy for special cooperation for fiscal year 1994 in fiscal year 1993.

Sec. 21. [REPEALER.]

Minnesota Statutes 1991 Supplement, sections 124.2721, subdivision 5b, and 124.2727, subdivisions 1, 2, 3, 4, 5, and 6, are repealed. Laws 1991, chapter 265, article 6, section 64, is repealed the day following final enactment.

ARTICLE 7

OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1991 Supplement, section 124.6472, subdivision 1, is amended to read:

Subdivision 1. [BREAKFAST REQUIRED.] A school district shall offer a school breakfast program in every school building in which at least ~~40~~ *30* percent of the school lunches served during the second preceding school year were served free or at a reduced price.

Sec. 2. Minnesota Statutes 1990, section 124.6472, is amended by adding a subdivision to read:

Subd. 3. [FEDERAL START-UP FUNDS.] *The commissioner of education shall apply for, administer, and expand available federal funds for the start-up costs for the school breakfast program.*

Sec. 3. Minnesota Statutes 1990, section 124.6472, is amended by adding a subdivision to read:

Subd. 4. [BREAKFAST REIMBURSEMENT.] *Each school year, a school district in which no more than 40 percent of the school lunches served during the second preceding school year were served free or at a reduced price, but which is required to offer a school breakfast program under subdivision 1, shall be paid by the state in the amount of 17.5 cents for each free or reduced price breakfast served to students in the district, to be appropriated from the early learning and violence prevention account of the special revenue fund.*

Sec. 4. [124A.697.] [TITLE.]

Sections 4 to 8 may be cited as the "Minnesota education finance act of 1992."

Sec. 5. [124A.70] [BASIC INSTRUCTIONAL AID.]

Subdivision 1. [BASIC OUTCOMES.] *Basic outcomes are defined as learner outcomes that must be achieved as a requirement for graduation, specified in rule by the state board of education. Basic outcomes are those outcomes that have standards of achievement determined by the state board.*

Subd. 2. [AID AMOUNT.] *Basic instructional aid is equal to the aid allowance times the number of pupil units for the school year. The aid allowance for fiscal year 2000 and thereafter is zero.*

Subd. 3. [SPECIAL NEED AID.] *Each district shall receive special need aid equal to zero times the number of actual pupil units for the school year times the district's special need index.*

Subd. 4. [COST DIFFERENTIAL AID.] *Each district shall receive aid equal to zero times the number of actual pupil units for the school year times its cost differential index. This aid is only available if the district has implemented a career teacher program.*

Subd. 5. [AID USES.] *Aid received under this section may only be used to deliver instructional services needed to assure that all pupils in the district achieve basic outcomes through the following uses:*

(1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery or provide academic instructional support services;

(2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;

(3) tuition payments to other service providers for direct instruction or instructional materials; and

(4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction.

Sec. 6. [124A.71] [ELECTIVE INSTRUCTIONAL REVENUE.]

Subdivision 1. [ELECTIVE OUTCOMES.] *Elective outcomes are defined as learner outcomes that may be offered to students that are not defined as basic outcomes. The standards of achievement of elective outcomes are determined by the local school board.*

Subd. 2. [REVENUE.] *Elective instructional revenue is equal to the elective instructional revenue allowance times the number of pupil units for the school year. The revenue allowance for fiscal year 2000 and thereafter is zero.*

Subd. 3. [LEVY.] *Elective instructional levy is equal to elective instructional revenue times the lesser of one or the ratio of:*

(1) net tax capacity divided by the number of pupil units for the year the revenue is attributable, divided by

(2) the equalizing factor.

Subd. 4. [AID.] *Elective instructional aid is equal to elective instructional revenue minus elective instructional levy. If a district levies less than the authorized amount, the aid shall be reduced proportionately.*

Subd. 5. [REVENUE USE.] *Elective instructional revenue may only be used for the following purposes:*

(1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery;

(2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;

(3) tuition payments to other service providers for direct instruction or instructional materials;

(4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction;

(5) instructional support services including staff development, curriculum development, and other instructional support services;

(6) pupil support services including health, counseling, and psychological services;

(7) administrative costs that are not to exceed five percent of the operating budget for the year; and

(8) school district facility operations and maintenance.

Sec. 7. [124A.72] [LOCAL DISCRETIONARY REVENUE.]

Subdivision 1. [LOCAL DISCRETIONARY REVENUE.] *Local discretionary revenue is available for districts to implement programs to offer outcomes or to cover other district operating expenditures not provided according to sections 4 and 5.*

Subd. 2. [REVENUE.] *A district's local discretionary revenue is equal to the amount authorized according to section 124A.03. Revenue may not exceed zero times the actual pupil units for the year the revenue is attributable.*

Subd. 3. [LEVY.] *Local discretionary levy is equal to local discretionary revenue times the lesser of one or the ratio of:*

(1) net tax capacity divided by the number of pupil units for the year the revenue is attributable, divided by

(2) the equalizing factor.

Subd. 4. [AID.] *Local discretionary aid is equal to local discretionary revenue minus local discretionary levy. If a district levies less than the authorized amount, the aid shall be reduced proportionately.*

Sec. 8. [124A.73] [EDUCATION TRUST FUND.]

Subdivision 1. [CREATION.] *The commissioner shall deposit to the credit of the education trust fund all money available to the credit of the trust. The commissioner shall maintain the trust as a separate fund to be used only to pay money as provided by law to school districts or to repay advances made from the general fund, as provided under subdivision 4.*

Subd. 2. [APPROPRIATION.] *The money to be paid by law from the education trust fund is appropriated annually.*

Subd. 3. [ESTIMATES; REDUCTION OF PAYMENTS.] *(a) At the beginning of each fiscal year, the commissioner, in consultation with the commissioner of revenue, shall estimate for the fiscal year:*

(1) the amount of revenues to be deposited in the trust fund and other

law; and

(2) the payments authorized by law to be made out of the trust.

(b) If the estimated payments exceed the estimated receipts of the trust fund, the appropriations from the trust to each program are proportionately reduced, unless otherwise provided by law.

Subd. 4. [GENERAL FUND ADVANCE.] *If the money in the trust fund is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year will be sufficient, the commissioner shall advance money from the general fund to the trust fund necessary to make the payments. On or before the close of the biennium, the trust shall repay the advances with interest, calculated at the rate of earnings on invested treasurer's cash, to the general fund.*

Sec. 9. [126.239] [ADVANCED PLACEMENT PROGRAMS.]

Subdivision 1. [SUMMER INSTITUTES FOR TEACHERS.] *A secondary teacher assigned by a school district to teach an advanced placement course may participate in summer training institutes offered by the college board. The state shall pay a portion of tuition, room, and board for attending a one-week summer institute for teachers. The commissioner of education shall determine application procedures and deadlines, and select teachers to participate in the state program. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher participation in summer institutes offered by the college board when tuition is paid by a source other than the state.*

Subd. 2. [SUPPORT PROGRAMS.] *The commissioner shall provide support programs during the school year for teachers who attended summer institutes the previous summer and teachers who have experience in teaching advanced placement courses. The support programs shall be designed to provide teachers with opportunities to share instructional ideas with summer institute instructors and the other teachers. The state shall pay the costs of participating in the support programs, including substitute teachers, if necessary.*

Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] *The state may pay all or part of the fee for advanced placement examinations for pupils in public and nonpublic schools whose circumstances make state payment advisable. The state board of education shall adopt a schedule for fee subsidies that may allow payment of the entire fee for low-income families, as defined by the state board. The state board may also determine the circumstances under which the fee is subsidized, in whole or in part. The state board shall determine procedures for state payments of fees.*

Subd. 4. [INFORMATION.] *The commissioner shall submit the following information to the education committees of the legislature each year by January 1:*

(1) the number of pupils enrolled in advanced placement courses in each school district;

(2) the number of teachers in each district attending summer institutes offered by the college board;

(3) the number of teachers in each district participating in support

programs;

(4) recent trends in the field of advanced placement;

(5) expenditures for each category in this section; and

(6) other recommendations for the state program.

Sec. 10. [295.45] [GENERAL GROSS EARNINGS TAX ON CORPORATIONS, PARTNERSHIPS, OTHER ORGANIZATIONS.]

Subdivision 1. [IMPOSITION.] *There is imposed on every corporation, partnership, association, and other organization a tax of zero percent on its gross earnings derived from operations within this state.*

Subd. 2. [RETURNS.] *Each entity subject to the tax imposed under this section must file a return with the commissioner of revenue, in the form prescribed by the commissioner, reporting its gross earnings derived from operations within the state during the preceding calendar year, and make payment of the tax with it. The return and payment of the tax due must be submitted by March 1 each year.*

Subd. 3. [EXCEPTION.] *Entities that are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1991, are exempt from the tax imposed under this section.*

Subd. 4. [ENFORCEMENT; RULES.] *The commissioner of revenue shall enforce this section and may make all rules necessary for its enforcement. The provisions of chapter 294 apply to the tax imposed under this section.*

Subd. 5. [DEPOSIT OF RECEIPTS.] *The proceeds of the tax imposed under this section shall be deposited in the education trust fund.*

Sec. 11. Laws 1991, chapter 265, article 8, section 14, is amended to read:

Sec. 14. [NONOPERATING FUND TRANSFERS.]

~~On~~ *By* June 30, 1992, *and by June 30, 1993,* a school district may permanently transfer money from the capital expenditure ~~fund~~ *facilities or equipment accounts* and from the debt redemption fund, to the extent the transferred money is not needed for principal and interest payments on bonds outstanding at the time of transfer, to the transportation fund, capital expenditure fund, or the debt redemption fund. *A transfer may not be made from the capital expenditure facilities or equipment accounts that results in a deficit account balance in either account or a deficit in the combined account balance for facilities and equipment as of June 30, 1992, or as of June 30, 1993.* No levies *and no state aids* shall be reduced as a result of a transfer. Each district transferring money ~~according to this section~~ *from the capital expenditure facilities or equipment accounts* shall report to the commissioner of education ~~a report of~~ *on* each transfer. *A district may not transfer money from the debt redemption fund to the capital expenditure fund or to the transportation fund without prior approval from the commissioner of education. The commissioner shall approve a transfer from the debt redemption fund only if the district retired its bonded indebtedness during fiscal year 1992 or 1993 or the district's 1991 payable 1992 or 1992 payable 1993 debt service levy was reduced to zero according to Minnesota Statutes, section 475.61, subdivision 3.* The commissioner of education shall report to the chairs of the education funding divisions of the house of representatives and the senate the aggregate transfers, by fund, made by

school districts.

Sec. 12. [DEPARTMENT STUDY.]

Subdivision 1. [WORK WITH DISTRICTS.] *The department of education shall work with school districts to determine the required educational services and costs of the services needed to establish the allowances in sections 5 to 8. The department may establish a representative sample of districts to include in the research. The department shall evaluate the inclusion of revenue provided under Minnesota Statutes, sections 124.311, 124.32, 124.332, 124.573, and 124.574, in the allowance. The department shall report to the education committees of the legislature on the progress of the study on February 1 of each year.*

Subd. 2. [INDEX.] *The department shall evaluate and develop a cost differential index for each school district. The index shall distinguish the prices and costs of resources needed to provide instructional services over which a local board may exercise discretion from those prices and costs of resources over which the district cannot exercise discretion.*

Subd. 3. [ANOTHER INDEX.] *The department shall evaluate and develop a special need index for each school district. The department may consider the number of children in the district that are eligible for aid to families with dependent children or for free and reduced lunches and any other indicators determined to significantly affect the ability of a child to achieve adopted outcomes.*

Sec. 13. [COMPLEMENT.]

The complement of the department of education is increased by.5 for fiscal year 1993 for coordinating the advanced placement program.

Sec. 14. [OPERATING DEBT LEVY FOR LAKE SUPERIOR SCHOOL DISTRICT.]

Subdivision 1. [OPERATING DEBT ACCOUNT.] *On July 1, 1992, independent school district No. 381, Lake Superior, shall establish a reserved account in the general fund. The balance in the account shall equal the unreserved undesignated fund balance in the operating funds of the district as of June 30, 1992.*

Subd. 2. [LEVY.] *For taxes payable in each of the years 1993 through 1997, the district may levy an amount up to 20 percent of the balance in the account on July 1, 1992. The balance in the account shall be adjusted each year by the amount of the proceeds of the levy. The proceeds of the levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.*

Subd. 3. [NO LOCAL APPROVAL.] *Pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section is effective without local approval.*

Sec. 15. [NETT LAKE: APPROPRIATION CARRYOVER.]

The appropriations for grants to Nett Lake for unemployment compensation payments and insurance premiums contained in Laws 1991, chapter 265, article 8, section 19, subdivision 14, do not cancel and the balances are available in fiscal year 1993.

Sec. 16. [APPROPRIATION: SCIENCE AND MATH GRANT.]

$150,000 for fiscal year 1993 is appropriated from the general fund to the commissioner of education to go toward matching the amount of a grant from the National Science Foundation. The grant is for a systemic initiative in science and mathematics education. The appropriation is contingent on receiving the grant.

Sec. 17. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [ADVANCED PLACEMENT PROGRAM.] *For the state advanced placement program, including summer institutes, support programs, and examination fee subsidies:*

$200,000 1993

Sec. 18. [APPROPRIATION.]

There is appropriated from the general fund to the department of education $20,000 for fiscal year 1993 to continue the programming of Laws 1990, chapter 562, article 7, section 24, subdivision 3.

Sec. 19. [APPROPRIATION.]

There is appropriated from the general fund to the department of education $25,000 for fiscal year 1993 for operating expenses of the Minnesota education in agriculture leadership council.

Sec. 20. [REPEALER.]

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivision 2; and 124A.23, subdivisions 1, 4, and 5, are repealed effective July 1, 2000; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 and 2 are effective September 1, 1993. Section 10 is effective for revenues earned after December 31, 1999. Sections 4 to 8 are effective for revenue for fiscal year 2001.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 121.11, subdivision 7, is amended to read:

Subd. 7. [GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES.] The state board of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggested courses of study. The board shall develop a plan to attain the adopted goals. At the board's request, the commissioner may assign department of education staff to assist the board, *at the central office or at regional centers,* in attaining its goals. The commissioner shall explain to the board in writing any reason for refusing or delaying a request for staff assistance. The board shall establish rules relating to examinations, reports, acceptances of schools, courses of study, and other proceedings in connection with elementary and secondary schools

applying for special state aid. The state board may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 2. Minnesota Statutes 1990, section 121.935, is amended by adding a subdivision to read:

Subd. 9. [FINANCIAL SERVICES.] *Regional management information centers may provide financial management information services to cities, counties, towns, or other governmental units at mutually negotiated prices.*

Sec. 3. Minnesota Statutes 1990, section 123.58, subdivision 3, is amended to read:

Subd. 3. [PURPOSE OF ECSU.] The primary purposes of designation as an ECSU shall be to perform educational planning on a regional basis and to assist in meeting specific educational needs of children in participating school districts which could be better provided by an ECSU than by the districts themselves. The ECSU shall provide those educational programs and services which are determined, pursuant to subdivision 8, to be priority needs of the particular region and shall assist in meeting special needs which arise from fundamental constraints upon individual school districts. *Each ECSU shall also serve as a regional center for the department of education. An ECSU must make space available to the department for this purpose. Employees of the department and of the ECSUs shall remain employees of their appointing authority retaining all their employment rights, except that employees of the department may be loaned to and relocated at an ECSU and an employee of an ECSU may be loaned to and relocated at the department, either at the central office or at any regional center.*

Sec. 4. Minnesota Statutes 1990, section 123.58, is amended by adding a subdivision to read:

Subd. 12. [SERVICES.] *Educational cooperative service units may provide administrative, purchasing, and data processing services to cities, counties, towns, or other governmental units at mutually negotiated prices.*

Sec. 5. Minnesota Statutes 1991 Supplement, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district shall maintain school in session or provide instruction in other districts for at least the number of days required in subdivision 1b, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required

minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 1b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12. *Days devoted to parent-teacher conferences, teachers' workshops, or other staff development days are not subject to state board of education rules requiring a minimum number of instructional hours per day.*

Sec. 6. Minnesota Statutes 1990, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67 or 124C.27 to 124C.31, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule ~~for that program~~ throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1. *The commissioner may not approve a request if a result of approval is to increase expenditures for transportation according to section 124.225 or 275.125, subdivision 5, 5a, 5b, 5c, 5e, 5f, 5g, or 5h, for that fiscal year or any future fiscal year.*

Sec. 7. Minnesota Statutes 1991 Supplement, section 124.646, subdivision 4, is amended to read:

Subd. 4. [SCHOOL FOOD SERVICE FUND.] (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each school district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program, including the costs attributable to the superintendent and the financial manager must be charged to the general fund.

(d) Capital expenditures for the purchase of food service equipment must be made from the capital fund and not the food service fund, unless two conditions apply:

(1) the unreserved balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased; and

(2) the department of education has approved the purchase of the equipment.

(e) If the two conditions set out in paragraph (d) apply, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. *However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.*

Sec. 8. Minnesota Statutes 1990, section 124.85, subdivision 4, is amended to read:

Subd. 4. [DISTRICT ACTION.] A district may enter into a guaranteed energy savings contract with a qualified provider if, after review of the report, it finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over ten years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy savings contract may provide for payments over a period of time, not to exceed ten years. *Notwithstanding section 121.912, a district may transfer from the general fund to the capital expenditure fund the amounts saved in energy and operation costs as a result of guaranteed energy savings contracts.*

Sec. 9. Minnesota Statutes 1990, section 124C.61, is amended to read:

124C.61 [PARENTAL INVOLVEMENT PROGRAMS.]

Subdivision 1. [PROGRAM GOALS.] The department of education, in consultation with the state curriculum advisory committee, must develop guidelines and model plans for parental involvement programs that will:

(1) engage the interests and talents of parents or guardians in recognizing and meeting the emotional, intellectual, and physical needs of their school-age children;

(2) promote healthy self-concepts among parents or guardians and other family members;

(3) offer parents or guardians a chance to share and learn about educational skills, techniques, and ideas; and

(4) provide creative learning experiences for parents or guardians and their school-age children, *including involvement from parents or guardians of color.*

Subd. 2. [PLAN CONTENTS.] Model plans for a parental involvement program must include at least the following:

(1) program goals;

(2) means for achieving program goals;

(3) methods for informing parents or guardians, in a timely way, about the program;

(4) strategies for ensuring the full participation of parents or guardians, including those parents or guardians who lack literacy skills or whose native language is not English, *including involvement from parents or guardians of color*;

(5) procedures for coordinating the program with kindergarten through grade 12 curriculum, with parental involvement programs currently available in the community, and with other education facilities located in the community;

(6) strategies for training teachers and other school staff to work effectively with parents and guardians;

(7) procedures for parents or guardians and educators to evaluate and report progress toward program goals; and

(8) a mechanism for convening a local community advisory committee composed primarily of parents or guardians to advise a district on implementing a parental involvement program.

Subd. 3. [PLAN ACTIVITIES.] Activities contained in the model plans must include:

(1) educational opportunities for families that enhance children's learning development;

(2) educational programs for parents or guardians on families' educational responsibilities and resources;

(3) the hiring, training, and use of parental involvement liaison workers to coordinate family involvement activities and to foster communication among families, educators, and students;

(4) curriculum materials and assistance in implementing home and community-based learning activities that reinforce and extend classroom instruction and student motivation;

(5) technical assistance, including training to design and carry out family involvement programs;

(6) parent resource centers;

(7) parent training programs and reasonable and necessary expenditures associated with parents' attendance at training sessions;

(8) reports to parents on children's progress;

(9) use of parents as classroom volunteers, tutors, and aides; ~~or~~

(10) soliciting parents' suggestions in planning, developing, and implementing school programs; *and*

(11) educational programs and opportunities for parents or guardians that are multicultural, gender fair, and disability sensitive.

Sec. 10. [124C.70] [COUNSELOR OR SOCIAL WORKER PROGRAMS AT THE ELEMENTARY SCHOOL LEVEL.]

Subdivision 1. [MODEL SITES.] *The state board of education, after consultation with the commissioner of human services, may designate up to ten elementary schools as model sites for locally administered counselor*

and social worker programs offered at the elementary school level as a collaborative program between a school district and the appropriate city or county social service agencies. The social service agencies must provide at least 50 percent of the funding for counselors and social workers employed in these programs. Counselors and social workers employed in these programs are not required to hold licenses from the board of teaching. The commissioner of education shall designate procedures to apply for designation as a model site.

Subd. 2. [ASSISTANCE; REPORT.] *The state departments of education and human services shall provide assistance to any school districts that desire to establish these collaborative programs. The commissioners of education and human services shall report to the education committees of the house of representatives and the senate during the 1995 session on the status of these programs and on any recommendations they may have about them.*

Sec. 11. [126.116] [NO MANDATES WITHOUT MONEY.]

A school district is not required to comply with a state mandate, as defined in section 3.881, if the mandate affects the daily operation of schools, the authority of school boards to establish locally developed education policies, changes in the school district's curriculum, or other changes in the school district's spending priorities until the additional revenue needed to pay for the mandate is identified.

Sec. 12. [136C.51] [ESTABLISHMENT; PURPOSE.]

(a) An ongoing workplace literacy resource center and companion workplace literacy skills enhancement program is established through Northeast Metro technical college, customized training division, and the related training department in partnership with the Minnesota teamsters service bureau.

(b) The resource center must act as a cataloguing, evaluating, and informational agency for Minnesota and neighboring states or entities that would request information on specific workplace skills enhancement curricula, available services through public and private agencies, and methods of delivery and application techniques.

Sec. 13. [136C.52] [PILOT PROJECT.]

(a) The workplace literacy center must establish a pilot project in conjunction with organizations with clients in need of the intended services of the workplace literacy program. The following identified entities may serve as sources of potential clients: (1) Minnesota teamsters locals; (2) Minnesota AFL-CIO locals; (3) St. Paul Trades and Labor Assembly; (4) Minnesota Council on Quality; (5) Twin Cities Area Labor Management Council; (6) Minneapolis Urban League; (7) St. Paul Urban League; (8) Twin Cities Asian community; (9) Twin Cities Hispanic community; (10) Twin Cities Native American community; (11) various dislocated worker programs; and (12) other similar entities.

The workplace literacy program must serve a diverse cultural group on a metro-wide basis while establishing a model that can be duplicated elsewhere if the pilot project is proven to be successful.

(b) The pilot project must have the elements listed in this paragraph, among others: (1) formal classroom workplace literacy training; (2) functional literacy training; (3) workplace skills enhancement; (4) prevocational training and upgrading; (5) assessment and evaluation; (6) career exploration; and (7) preapprenticeship counseling.

(c) Training must include the subject matter areas listed in this paragraph, among others:

(1) workplace communication skills including fundamental English as a second language training, verbal communications technical terminology, functional reading skills, technical reading skills, basic mathematics skills, technical mathematics skills, basic written communication, technical writing skills, and basic computer skills;

(2) principles of quality and productivity;

(3) labor management studies;

(4) principles of workplace-related economics;

(5) basic structure of American business systems;

(6) personal psychology for life and work;

(7) prevocational training orientation to study skills;

(8) preapprenticeship orientation;

(9) career exploration and skills assessment; and

(10) basic skills assessment and counseling.

Sec. 14. Minnesota Statutes 1990, section 136C.65, subdivision 1, is amended to read:

Subdivision 1. [ASSIGNMENT.] When an independent school district becomes a member of the joint vocational technical district, each nonlicensed employee primarily employed in a technical college who is transferred to the joint vocational technical district shall be assigned to and become an employee of the joint vocational technical district without further employment rights in the member district, other than, for two years from the date of assignment to the joint vocational technical district, the right to exercise, in the member district, job seniority promotion and job seniority layoff provisions of the contract in effect at the time of that employee's assignment to the joint vocational technical district. This reassignment of employment rights is not a leaving of employment for eligibility for payment under section 465.72 or under a policy or contract based on that section. *An employee may elect to remain an employee of the member district through exercising job seniority layoff provisions of the contract at the time of assignment to a joint vocational technical district. Any employee displaced by a senior employee under this subdivision shall have the right to fill a vacant position in the joint vocational technical district or the member school district.*

Sec. 15. [179A.142] [TEACHER NEGOTIATION PROCEDURES.]

Subdivision 1. [DEFINITIONS.] *(a) The following definitions apply to this section.*

(b) "Teachers" means all the teachers in the state who are members of a unit, according to this chapter, and who are employed by a school district or a public employer other than a school district that (i) negotiates a contract under this chapter with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129, or chapter 136D or 268A, or section 275.125.

(c) "Union" means the Minnesota education association and the Minnesota federation of teachers. Both organizations shall be treated as a single

organization only for the purposes of this section.

(d) "Representative" means a person selected by the union to meet and negotiate with the employer on behalf of the teachers, only according to this section.

(e) "Compensation" means salary and fringe benefits except retirement contributions or benefits other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay.

Subd. 2. [COMPENSATION INCREASE.] *The commissioner of employee relations or the commissioner's representative shall negotiate with a representative of the union increases in compensation for teachers. The increase shall constitute an upper limit on compensation for an employer of teachers when it subsequently negotiates a collective bargaining agreement under this chapter. The increase shall be, or shall be capable of being converted to, a total dollar amount applicable to the local bargaining unit. The increase shall not be determinative of the salary schedule or other compensation. The increase may vary by region or common characteristics of the employers.*

Subd. 3. [FACTORS.] *(a) In all negotiations, the primary factors in determining the increase shall be the increase in general education revenue, as set forth in section 124A.22, and the effect of the increase on class sizes, curricula, and educational programs and services available to the children.*

(b) The following factors shall be taken into consideration:

(1) recent increases in teacher compensation for each unit;

(2) the financial condition of an employer;

(3) significant changes in categorical revenue to the extent that the general fund of the employer would be adversely affected;

(4) whether the enrollment is increasing, decreasing, or remaining stable;

(5) the current salary schedule and the number of teachers at the steps and lanes;

(6) compensation increases for public employees at the state and local level; and

(7) other financial factors determined by teachers and employers to be significant.

(c) The commissioner of education shall cooperate with the commissioner of employee relations in conducting negotiations by making available any personnel and other resources necessary to enable the commissioner of employee relations to conduct effective negotiations.

Subd. 4. [AGREEMENT.] *The union may determine the procedures for ratifying the agreement, subject to approval by the commissioner of the bureau of mediation services. The commissioner of employee relations shall enter into an agreement with the representative of the union on or before October 1 of an odd-numbered year. The teachers covered by the agreement shall have the right to strike according to section 179A.18.*

Subd. 5. [LOCAL NEGOTIATIONS.] *The exclusive representative of the teachers and the school board or other public employer, as applicable, shall meet and negotiate terms and conditions of employment according to this chapter. The increase in compensation may not exceed the increase contained*

in the agreement entered into according to subdivision 4. The exclusive representative of the teachers and the school board or other public employer may enter into a collective bargaining agreement allocating that increase or providing for a smaller increase.

Subd. 6. [FINAL APPROVAL.] *The agreement negotiated between the commissioner of employee relations and the representative of the union shall be submitted to the legislature to be accepted or rejected in accordance with this section and section 3.855.*

If a proposed agreement is rejected or is not approved by the legislature prior to its adjournment in an even-numbered year, the legislative commission on employee relations is authorized to give interim approval to a proposed agreement. The proposed agreement shall be implemented upon its approval by the commission, and teachers covered by the proposed agreement shall not have the right to strike while the interim approval is in effect. The commission shall submit the agreement to the legislature for ratification at a special legislature called to consider it or at its next regular legislative session. Compensation increases provided for in the agreement which were paid pursuant to the interim approval by the commission shall not be affected, but the compensation increases shall cease to be paid or provided effective upon the rejection of the agreement or upon adjournment by the legislature without acting upon the agreement.

State aid shall not be reduced according to section 124A.22, subdivision 2a, as a result of failure of the legislative commission on employee relations to give interim approval, rejection by the legislature, or adjournment by the legislature without acting upon the agreement.

Sec. 16. Minnesota Statutes 1991 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, *other than a school district,* 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. *On or before September 15, a school district shall certify to the county auditor its proposed 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, 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 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.

Sec. 17. Minnesota Statutes 1991 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 review its current budget and 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 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 124.82, subdivision 3, 124A.03, subdivision 2, ~~or~~ 124B.03, subdivision 2, *or 275.125, subdivision 14a*, 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;

(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;

(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; and

(7) if not included in the certified levy, any additional amount levied pursuant to section 275.51, subdivision 7, paragraph (b).

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 of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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 county auditor shall provide for the coordination of hearing dates 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. 18. Minnesota Statutes 1990, section 275.125, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF LEVY LIMITATIONS.] By August ~~15~~ *31*, 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 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 two calendar years.

Sec. 19. Minnesota Statutes 1990, section 275.125, subdivision 14a, is amended to read:

Subd. 14a. [LEVY FOR LOCAL SHARE OF TECHNICAL COLLEGE CONSTRUCTION.] (a) The definitions in section 136C.02 apply to this subdivision. "Construction" includes acquisition and betterment of land, buildings, and capital improvements for technical colleges.

(b) A district maintaining a technical college may levy for its share of the cost of construction of technical college facilities as provided in this subdivision.

(c) The construction must be authorized by a specific legislative act pursuant to section 136C.07, subdivision 5, after January 1, 1980. The act must require the state to pay part of the cost of technical college construction and the district to pay part of the cost.

(d) The district may levy an amount equal to the local share of the cost of technical college construction minus the amount of any unreserved net balance in the district's technical college building construction fund. A district may levy the total amount authorized by this subdivision in one

year, or a proportionate amount of the total authorized amount each year for up to three successive years.

(e) ~~By the August 1~~ Before a district certifies the first levy pursuant to this subdivision, at least three weeks published notice of the proposed levy shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the purpose and duration of the proposed levy and the amount of the proposed levy in dollars and in terms of the local tax rate. Upon petition within 20 days after the notice of the greater of (a) 50 voters, or (b) 15 percent of the ~~number of~~ *registered* voters ~~who voted in~~ *of* the district ~~at the most recent regular school board election~~ *on the day the petition is filed with the school board*, the board shall call a referendum on the proposed levy. The referendum shall be held on a date set by the school board, but no later than ~~the September 20 before the levy is certified~~ *ten days prior to the adoption of the final property tax levy under section 275.065. The referendum shall be considered a referendum to increase taxes under section 275.065, subdivision 6.* The question on the ballot shall state the amount of the proposed levy in terms of the local tax rate and in dollars in the first year of the proposed levy.

(f) A district may not levy for the cost of a construction project pursuant to this subdivision if it issues any bonds to finance any costs of the project.

Sec. 20. Minnesota Statutes 1991 Supplement, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other

school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 1990, and 1991, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Each district shall receive the product of:

(i) $175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of $175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve $25 times the number of pupil units in the district. It may use the money ~~only~~ *for early childhood programs or* for outcome-based learning programs that enhance the academic quality of the district's curriculum. The *outcome-based learning* programs must be approved by the commissioner of

education.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 21. Laws 1990, chapter 366, section 1, subdivision 2, is amended to read:

Subd. 2. The superintendent of schools of special school district No. 1, Minneapolis, may appoint a person to each of the ~~following~~ positions *in clauses (1) to (7) and more than one person to the positions in clauses (8) and (9)* to perform the duties and services the superintendent may direct:

(1) administrator/licensed personnel;

(2) administrator/nonlicensed personnel;

(3) administrative assistant finance and operations;

(4) manager of transportation operations;

(5) director of finance;

(6) administrative assistant/research and development; ~~and~~

(7) director of affirmative action;

(8) parent liaison; and

(9) public school nurse.

Sec. 22. Laws 1991, chapter 265, article 8, section 19, subdivision 6, is amended to read:

Subd. 6. [SCHOOL LUNCH AND FOOD STORAGE AID.] For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:

$5,925,000 1992

$5,925,000 1993

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each *free, reduced, and* fully paid *federally reimbursable* student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

Not more than $800,000 of the amount appropriated each year may be used for school milk aid.

Sec. 23. Laws 1991, chapter 356, article 9, section 12, is amended to read:

Sec. 12. [EFFECT OF CURRENT COLLECTIVE BARGAINING AGREEMENTS.]

The terms and conditions of a collective bargaining agreement covering an employee transferred to the higher education board remains in effect until a successor agreement becomes effective. This section applies to all employees transferred to the board.

Employees of the Hibbing technical college who are over the age of 50 and have more than 20 years combined experience with independent school district No. 701 or Hibbing technical college as of July 1, 1992, shall have no loss in benefits due to the merger provided by this article.

Sec. 24. [ALLOCATION OF FUNDS.]

In the Northwest ECSU region, the commissioner of education shall allocate federal funds for the regional special education low incidence plans in a manner consistent with the recommendation of a majority of the school boards in the region. The allocation method must provide access for all districts in the region to the services supported by the funds.

Sec. 25. [FUND TRANSFER; LESTER PRAIRIE SCHOOL DISTRICT.]

Notwithstanding any law to the contrary, by June 30, 1992, independent school district No. 424, Lester Prairie, may transfer $100,000 from the general fund to the capital expenditure fund to purchase computer and interactive television equipment that the district is leasing.

Sec. 26. [TAXPAYER NOTIFICATION.]

Subdivision 1. [APPLICABILITY.] *This section applies only to newly authorized bonding authority granted under Laws 1990, chapter 604, article 8, section 9, and applies only to such bonds issued for calendar years 1993 through 1996.*

Subd. 2. [NOTICE.] *A school board must prepare a notice of the public meeting on the proposed sale of all or any of the bonds and mail the notice to each postal patron residing within the school district. The notice must be mailed at least 15 days but not more than 30 days before the meeting. Notice of the meeting must also be posted in the administrative office of the school district and must be published twice during the 14 days before the meeting in the official newspaper of the city in which the school district is located.*

The notice must contain the following information:

(1) the proposed dollar 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; and

(5) the required levy and principal and interest on all outstanding bonds in addition to the bonds proposed under clause (1).

To comply with clause (4), the notice must show the projected annual dollar

increase and net tax capacity rate increase for a representative range of residential homestead, residential nonhomestead, apartments, and commercial-industrial properties located within each state senate district in the school district.

Subd. 3. [BOND AUTHORIZATION.] *A school board may vote to issue bonds for calendar years 1993 through 1996 only after complying with the requirements of subdivision 2.*

Sec. 27. [STUDY.]

(a) The Minnesota council on disabilities may conduct a study of the health needs of Minnesota students from birth to age 21 who are medically fragile or technology dependent. The department of education may cooperate with the council in conducting the study.

(b) The study must result in:

(1) a working definition of the conditions labeled "medically fragile" and "technology dependent";

(2) an unduplicated census of children defined as medically fragile or technology dependent served by school districts;

(3) an unduplicated census of children defined as medically fragile or technology dependent served by licensed hospitals and nursing homes;

(4) identification of personnel and all other resources available to school districts to serve these children;

(5) identification of resources needed but not available to school districts to serve these children;

(6) recommended guidelines for serving the educational and support needs of these children;

(7) recommendations for appropriate training of educational and support staff to serve these children; and

(8) recommendations for better coordination of education, health, and social services to children and their families.

(c) The council is encouraged to involve representatives of the following groups:

(1) children who are medically fragile or technology dependent and their families;

(2) relevant professionals and paraprofessionals serving these children, including nurses, social workers, and teachers;

(3) advocates for children and families; and

(4) other relevant groups as determined by the commissioner.

(d) A preliminary report must be made to the legislature by February 1, 1993, and a final report must be made by February 1, 1994.

Sec. 28. [PEER REVIEW MANDATE DELAY.]

Laws 1991, chapter 265, article 9, sections 45, 46, 47, 48, 52, 53, 54, and 55, are effective July 1, 1994, notwithstanding Laws 1991, chapter 265.

Sec. 29. [DELAY OF PROFICIENCY IN SIGN LANGUAGE.]

Minnesota Statutes 1991 Supplement, section 125.189, is effective August

1, 1995, notwithstanding the effective date in Laws 1991, chapter 265, article 7, section 44.

Sec. 30. [REPEALER.]

Laws 1990, chapter 604, article 8, section 12, is repealed.

Sec. 31. [EFFECTIVE DATE.]

Section 11 is effective September 1, 1992, to apply to new or increased state mandates that are effective after August 31, 1992. Section 15 is effective June 30, 1997. Section 21 is effective the day after the governing body of special school district No. 1, Minneapolis, complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 9

CHOICE PROGRAMS

Section 1. Minnesota Statutes 1991 Supplement, section 120.062, subdivision 8a, is amended to read:

Subd. 8a. [EXCEPTIONS TO DEADLINES.] Notwithstanding subdivision 4, the following pupil application procedures apply:

(a) Upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January 15 for enrollment beginning the following school year.

(b) If~~, as a result of entering into, modifying, or terminating an agreement under section 122.541 or 122.535, a~~ *a school district assigns* a pupil ~~is assigned~~ after December 1 to a different school *for enrollment beginning at any time*, the pupil, the pupil's siblings, or any other pupil residing in the pupil's residence may submit an application to a nonresident district at any time before July 1 for enrollment beginning the following school year.

(c) A pupil who becomes a resident of a school district after December 1 may submit an application to a nonresident district on January 15 or any time after that date for enrollment beginning any time before the following December 1.

(d) If the commissioner of education and the commissioner of human rights determine that the policies, procedures, or practices of a school district are in violation of Title VI of the Civil Rights Act of 1964 (Public Law Number 88-352) or chapter 363, any pupil in the district may submit an application to a nonresident district at any time for enrollment beginning at any time.

For exceptions under this subdivision, the applicant, the applicant's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.

Sec. 2. Minnesota Statutes 1990, section 123.33, subdivision 7, is amended to read:

Subd. 7. The board shall superintend and manage the schools of the district; adopt rules for their organization, government, and instruction; keep registers; and prescribe textbooks and courses of study. ~~The board may enter into an agreement with a post-secondary institution for secondary or post-secondary nonsectarian courses to be taught at a secondary school or a~~

~~nonsectarian post-secondary institution.~~

Sec. 3. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

Subd. 4e. [COURSES AT SECONDARY SCHOOLS.] *An eligible pupil, according to subdivision 4, may enroll in a nonsectarian course taught by a secondary teacher or a post-secondary faculty member and offered at a secondary school according to an agreement between a school board and the governing body of an eligible public post-secondary system or an eligible private post-secondary institution, as defined in subdivision 3. All provisions of this section shall apply to a pupil, school board, school district, and the governing body of a post-secondary institution, except as otherwise provided.*

Sec. 4. Minnesota Statutes 1990, section 123.3514, subdivision 6, as amended by Laws 1991, chapter 265, article 9, section 38, as reenacted, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] ~~At the end of each school year~~ *For a pupil enrolled in a course under this section*, the department of education shall ~~pay the tuition reimbursement amount within 30 days to the post-secondary institutions~~ *make payments according to this subdivision* for courses that were taken for secondary credit. ~~The amount of tuition reimbursement shall equal the lesser of:~~

~~(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course taken by the secondary pupil; or~~

~~(2) an amount equal to the difference between the basic revenue of the district for that pupil and an amount computed by multiplying the basic revenue of the district for that pupil by a ratio. The ratio to be used is the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.~~

~~For fiscal year 1992, for a pupil attending a post-secondary institution under this section, whether the pupil is enrolled in the post-secondary institution for secondary credit, post-secondary credit, or a combination of both, a school district shall receive aid equal to the sum of:~~

~~(1) 12 percent of the formula allowance, according to section 124.22, subdivision 2, times 1.3; plus~~

~~(2) for a pupil who attends a secondary school part time, the formula allowance, according to section 124.22, subdivision 2, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to 1020 hours.~~

~~If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in the average daily membership only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at a post-secondary institution for secondary credit.~~

The department shall not ~~pay any tuition reimbursement or other costs of~~ *make payments to a school district or post-secondary institution for* a course taken for post-secondary credit ~~only~~.

~~For fiscal year 1993 and thereafter,~~ A *public* post-secondary *system or private post-secondary* institution shall ~~be reimbursed according to~~ *receive*

the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

The department of education shall pay to each public post-secondary system and to each private institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. The department may obtain from a public post-secondary institution or system only the information that is required to be reported to the governing boards of the system. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary system or institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary system or institution that an overpayment has been made, the system or institution shall promptly remit the amount due.

~~For fiscal year 1993 and thereafter,~~ A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary school, 12 percent of the formula allowance, according to section 124.22, subdivision 2, times 1.3; or

(2) for a pupil who attends a secondary school part time, ~~88 percent of the product of~~ the formula allowance, according to section 124.22, subdivision 2, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to 1020 hours.

Sec. 5. Minnesota Statutes 1990, section 123.3514, subdivision 6b, as amended by Laws 1991, chapter 265, article 9, section 39, as reenacted, is amended to read:

Subd. 6b. [FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.] ~~At the end of each school year~~ *For a pupil enrolled in a course according to this section*, the department of education shall ~~pay the tuition reimbursement amount to the post-secondary institutions~~ *make payments according to this subdivision* for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid. ~~The amount of the tuition reimbursement equals the lesser of:~~

~~(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course or program taken by the pupil; or~~

~~(2) an amount equal to the difference between the adult high school graduation aid attributable to that pupil and an amount computed by multiplying the adult high school graduation aid by the ratio of the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.~~

~~For fiscal year 1992, for a pupil attending a post-secondary institution under this section, whether the pupil is enrolled in the post-secondary institution for secondary credit, post-secondary credit, or a combination of both, a school district shall receive aid equal to the sum of:~~

~~(1) 12 percent of the formula allowance, according to section 124.22, subdivision 2, times 1.3; plus~~

~~(2) for a pupil who attends a secondary school part time, the adult high school graduation aid times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to 1020 hours.~~

~~If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in average daily membership as computed under section 120.17, subdivision 1, only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at the post-secondary institution for secondary credit.~~

The department must not ~~pay any tuition reimbursement or other costs of~~ *make payments to a school district or post-secondary institution for* a course taken for post-secondary credit ~~only~~.

~~For fiscal year 1993 and thereafter,~~ A *public* post-secondary *system or private post-secondary* institution shall ~~be reimbursed according to~~ *receive* the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of education shall pay to each public post-secondary system and to each private institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. The department may obtain from a public post-secondary institution or system only the information that is required to be reported to the governing boards of the system. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary system or institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary system or institution that an overpayment has been made, the system or institution shall promptly remit the amount due.

~~For fiscal year 1993 and thereafter,~~ A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the adult high school graduation aid, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, ~~88 percent of the product of~~ the adult high school graduation aid, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

Sec. 6. Minnesota Statutes 1990, section 126.22, is amended by adding a subdivision to read:

Subd. 2a. [ADDITIONAL ELIGIBLE PUPILS.] *In addition to the eligible pupils under subdivision 2, clauses (a), (b), and (c), the following pupils are eligible:*

(1) victims of physical or sexual abuse;

(2) pupils who have experienced mental health problems; and

(3) pupils who have experienced homelessness any time within a six-month period prior to the date of requesting a transfer to an eligible program.

Sec. 7. Minnesota Statutes 1991 Supplement, section 126.23, is amended to read:

126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in ~~a nonsectarian~~ *an* alternative program, *eligible under section 126.22, subdivision 3, paragraph (d), or subdivision 3a,* operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 88 percent of the basic revenue of the district for each pupil attending the program full time. For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made to a district or program for a pupil under this section, the department of education shall not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 8. [135A.18] [AUTHORIZATION FOR AGREEMENTS.]

The governing board of a public post-secondary system may enter into an agreement with a school board to provide a nonsectarian course taught by secondary teachers or post-secondary faculty members to an eligible pupil, as defined in section 123.3514, subdivision 4, and offered at a secondary school.

Sec. 9. Laws 1991, chapter 265, article 9, section 75, is amended to read:

Sec. 75. [REPEALER.]

Minnesota Statutes 1990, sections 120.105; 121.932, subdivision 1; 121.933, subdivision 2; 121.935, subdivision 3; 121.937, subdivision 2; 122.43, subdivision 1; ~~123.3514, subdivisions 6 and 6b;~~ and 123.73, are repealed. Minnesota Rules, parts 3560.0030, subparts 2(A), 4, and 5; 3560.0040, subparts 2 and 4; and 3560.0060, are repealed.

Minnesota Statutes 1990, section 123.744, is repealed. Laws 1988, chapter 703, article 1, section 23, as amended by Laws 1989, chapter 293, section 81; and Laws 1989, chapters 293, section 82, and 329, article 9, section 30, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 8 is effective retroactively to July 1, 1991.

ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1991 Supplement, section 13.40, subdivision 2, is amended to read:

Subd. 2. [PRIVATE DATA; ~~RECORDS OF BORROWING~~ *LIBRARY BORROWERS.*] ~~That portion of~~ *The following* data maintained by a library ~~which links~~ *are private data on individuals and may not be disclosed for other than library purposes except pursuant to a court order:*

(1) data that link a library patron's name with materials requested or borrowed by the patron or ~~which links~~ *that link* a patron's name with a specific subject about which the patron has requested information or materials ~~is classified as private, under section 13.02, subdivision 12, and shall not be disclosed except pursuant to a valid court order~~*; or*

(2) data in applications for borrower cards, other than the name of the borrower.

Sec. 2. Minnesota Statutes 1990, section 134.34, subdivision 1, is amended to read:

Subdivision 1. [LOCAL SUPPORT LEVELS.] A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county~~, except in the first year of participation as provided in section 134.33,~~ is providing for public library service support the lesser of (a) ~~an amount equivalent to 0.33 percent of the adjusted gross tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1990 and~~ an amount equivalent to ~~.41~~ *.82* percent of the *adjusted* net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second year preceding that calendar year in 1991 and later years or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year ~~1990~~ *1993* as ~~$3.62~~ *$7.62*. In succeeding calendar years, the per capita amount shall be increased by ~~a percentage equal to one-half of~~ the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 3. Minnesota Statutes 1990, section 134.34, is amended by adding a subdivision to read:

Subd. 4a. [GRANTS FOR CERTAIN SYSTEMS.] *Notwithstanding subdivision 4, for fiscal years 1993, 1994, and 1995, a regional library basic system support grant may be made to a regional public library system for a participating city or county to which this subdivision applies.*

(a) The participating city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or

county for such purposes in the second preceding year.

(b) The participating city or county:

(1) provided, in the most recent calendar year for which data are available, for operating purposes of public library services an amount exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid for the city or county for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, provided that the dollar amount of the reduction for operating purposes of public library services may not be greater than the amount it would be decreased if the decrease were in direct proportion to the reduction in the revenue base, as defined in section 477A.011, subdivision 27, resulting from the reduction in local government aid. The city or county shall file a report with the department of education indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 4. [REPEALER.]

Minnesota Statutes 1990, section 134.34, subdivision 2, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 2 and 4 are effective January 1, 1993.

ARTICLE 11

THE CHILDREN'S ARTICLE

Section 1. Minnesota Statutes 1990, section 121.88, is amended by adding a subdivision to read:

Subd. 11. [AFTER SCHOOL PROGRAMS.] *A school board may offer, as part of a community education program, an after school program for students in grades 7 through 12 for the purpose of expanding students' learning and community service opportunities. A program is recommended to include the following:*

(1) adult supervised programs while school is not in session in the afternoon;

(2) parental involvement in program design and direction;

(3) opportunities for students to volunteer their time as part of a community service program; and

(4) partnerships with the kindergarten through grade 12 system and other public, private, or nonprofit entities, including religious or service organizations. The involvement of a religious organization shall be nonsectarian in nature.

The district may charge a sliding fee based upon family income for an after school program. The district may receive money from other public or private sources for the program. The school board of the district shall develop standards for its program. The state board of education may not adopt rules for after school programs.

Sec. 2. [121.881] [COMMUNITY VIOLENCE PREVENTION COUNCILS.]

(a) Each school board may establish at least one community violence

prevention council. If established, the council shall be established within the community education program, if the district offers community education. If established, the school board shall appoint council members.

(b) The membership shall consist of at least the following:

(1) the community education director of the district or a staff member of the district;

(2) members of the clergy;

(3) representatives of business;

(4) civic leaders;

(5) representatives of people of color in the community;

(6) local elected officials, including county commissioners, mayors, and city council members;

(7) law enforcement officials;

(8) county social workers;

(9) representatives from a shelter for battered women, if one is located in the school district;

(10) representatives of the county attorney or an attorney;

(11) young people residing in the community; and

(12) other individuals involved in violence prevention.

(c) If a school district is located in whole or in part in more than one county, county officials and representatives from each county in which the district is located shall serve on the council. If more than one school district is located in whole or in part in a county, county officials and representatives must serve on the councils in each school district. If more than one city or town is located in whole or in part in a school district, city and town officials and representatives from each city and town must serve on the council. For a school district located in the seven-county metropolitan area, the county commissioners may appoint a representative to serve on the council.

(d) The community violence prevention council shall identify community needs and community resources for violence prevention and develop services to address the needs of the community. The community violence prevention council may apply for community violence prevention revenue according to section 4 by submitting an application to the office of the attorney general and the department of education, containing a description of the services to be provided and the procedures to be used to coordinate public and private resources to maximize the use of existing community resources and community violence prevention revenue. The services to be provided or coordinated may include the following:

(1) a community violence hotline;

(2) public forums;

(3) public service messages involving newspapers, radio, and television;

(4) a speakers bureau;

(5) billboard or other means of communication; and

(6) other programs meeting the criteria of the office of the attorney general

and the department of education to carry out violence prevention activities in the community.

(e) The council shall meet at least six times each year.

Sec. 3. Minnesota Statutes 1991 Supplement, section 124.2615, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF AID.] A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of education. ~~For fiscal year 1992.~~ The aid is equal to:

(1) $200 *for fiscal year 1992 and $300 for fiscal year 1993* times the number of eligible four-year old children residing in the district, as determined according to section 124.2711, subdivision 2; plus

(2) $100 *for fiscal year 1992 and $300 for fiscal year 1993* times the result of;

(3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times

(4) the number of children in clause (1).

For fiscal year ~~1993~~ *1994* and thereafter, ~~a district shall receive learning readiness aid equal to:~~

~~(1) $500 times the number of all participating eligible children; plus~~

~~(2) $200 times the number of participating eligible children identified according to section 121.831, subdivision 8~~ *the number of participating eligible children shall be taken into consideration in determining learning readiness aid for a district.*

Sec. 4. [124.2717] [COMMUNITY VIOLENCE PREVENTION REVENUE.]

Subdivision 1. [ELIGIBILITY.] *A school district is eligible for violence prevention revenue if the community violence prevention council has been appointed according to section 121.881 and the council has a plan approved by the office of the attorney general and the department of education.*

Subd. 2. [REVENUE FOR COMMUNITY VIOLENCE PREVENTION.] *A school district shall receive violence prevention revenue equal to 20 cents times the population of the district but not less than $1,000.*

Subd. 3. [COMMUNITY VIOLENCE PREVENTION LEVY.] *To obtain community violence prevention revenue, a district may levy the amount raised by a tax rate of .015 percent times the adjusted tax capacity of the district. If the amount of the community violence prevention levy exceeds the community violence prevention revenue, the community violence prevention levy shall equal the community violence prevention revenue.*

Subd. 4. [COMMUNITY VIOLENCE PREVENTION AID.] *A district's community violence prevention aid is the difference between its community violence prevention revenue and the community violence prevention levy. If the district does not levy the entire amount permitted, the community violence prevention aid shall be reduced in proportion to the actual amount levied.*

Subd. 5. [USE OF REVENUE.] *Community violence prevention revenue shall be used for community violence prevention programs as set forth in*

the approved application.

Sec. 5. [124C.62] [VIOLENCE PREVENTION PROGRAM GRANTS.]

Subdivision 1. [GRANTS AUTHORIZED.] *The state board of education, in consultation with the office of the attorney general and the commissioners of human services, health, and corrections, may award violence prevention program grants to a school district or two or more school districts to develop and implement a program to:*

(1) prevent and reduce physical and emotional violence;

(2) identify and reduce the incidence of sexual harassment and discrimination;

(3) reduce child abuse and neglect;

(4) promote nonviolent conflict resolution; and

(5) promote multicultural understanding and reduce racial discrimination.

Subd. 2. [REQUIRED ACTIVITIES.] *A school district or group of school districts may submit an application for a violence prevention program grant to the state board of education describing a comprehensive program to accomplish the purposes of subdivision 1. The application shall include a plan to provide all of the following:*

(1) culturally specific planning materials, guidelines, and other information about the impact of violence and racial, cultural, and sexual harassment in society, the need for nonviolent conflict resolution and identification of racial, cultural, and sexual harassment, and positive parenting skills;

(2) a comprehensive and updated curriculum on violence prevention, nonviolent conflict resolution, and racial, cultural, and sexual harassment, that includes sexual stereotyping and teaches appropriate behavior, for kindergarten through grade 12 and integrated into all other curricular areas;

(3) a special parent education component of early childhood family education programs to prevent child abuse and neglect and to promote positive parenting skills, with priority to providing home visiting services, as described in subdivision 3, clause (1), and outreach to at-risk families;

(4) cooperation and coordination among districts and other regional resources, including but not limited to:

(i) battered women's programs;

(ii) sexual assault centers; and

(iii) community councils;

(5) targeting early adolescents for prevention efforts, especially early adolescents whose personal circumstances may lead to violent or harassing solutions to problems;

(6) involvement of parents and other community members through a community violence prevention council formed according to section 2;

(7) in-service education for all teaching, licensed and nonlicensed administrative, and licensed and nonlicensed support staff in programs for children who have not yet entered kindergarten and elementary programs in the district; all teaching, licensed administrative, and licensed support staff in secondary programs in the district; all early childhood family education

parent educators, child educators, and home visitors in the district; and all school board members, that is open to all interested parties in the community at a reasonable cost; and

(8) administrative policies that reflect, and a staff that models, behaviors that are nonviolent and do not display or condone sexual harassment.

Subd. 3. [PERMITTED ACTIVITIES.] *The application may include a plan to provide any of the following:*

(1) home visiting services to at-risk families including education on parenting skills, child development and stages of growth, communication skills, stress management, problem-solving skills, improving parent-child interactions, enhancing self-esteem, and community support services; and to be coordinated with other existing home visiting services in the community;

(2) services to assess and address the mental health needs of elementary and secondary pupils;

(3) establishment of adolescent health care centers to coordinate with existing health care services in the community and to promote a comprehensive health care program for pupils of all ages; and

(4) programs to recruit, train, and provide leadership for community volunteers working in violence prevention programs.

Subd. 4. [PEOPLE TO BE SERVED AND PROGRAM DURATION.] *The application shall state the expected number of people to be served by the program and the expected duration of the program.*

Subd. 5. [COORDINATION WITH OTHER ORGANIZATIONS.] *A school district or group of districts may submit an application that includes the involvement of, and coordination with, nonprofit agencies, nonpublic schools, or regional foundations.*

Subd. 6. [PROCEDURES.] *The state board, in consultation with the office of the attorney general and the commissioners of human services, health, and corrections, shall establish procedures and deadlines for the grants. The state board shall review each application for a grant and may require modifications consistent with this section.*

Subd. 7. [GRANT AMOUNT.] *The state board in consultation with the office of the attorney general and the commissioners of human services, health, and corrections, shall determine the amount of a grant based upon the number of pupils served by the program. Grants shall be awarded to small, medium, and large districts geographically distributed throughout the state. A grant may not exceed $400,000.*

Subd. 8. [ADDITIONAL SOURCES OF REVENUE.] *A school district may accept money from public and private sources for violence prevention programs developed and implemented under this section.*

Sec. 6. Minnesota Statutes 1990, section 125.05, subdivision 2, is amended to read:

Subd. 2. [EXPIRATION AND RENEWAL.] Each license ~~issued through~~ the licensing section of the department of education *issues* must bear the date of issue. Licenses must expire and be renewed in accordance with the respective rules adopted by the board of teaching or the state board of education. Requirements for ~~renewal of~~ *renewing* a license must include ~~production of~~ satisfactory evidence of successful teaching experience for at

least one school year during the period covered by the license in grades or subjects for which the license is valid or ~~completion of~~ *completing* such additional preparation as the board of teaching shall prescribe. *The board of teaching and the state board of education shall include in the rules governing the content of continuing education programs an optional education program in which licensees learn how to help students resolve conflicts in effective, nonviolent ways, and programs promoting cultural sensitivity, gender fairness, violence prevention skills, sexual harassment awareness and prevention, and recognition of the signs of child abuse and neglect. The state board of education must establish the* requirements for ~~renewal of~~ *renewing* the licenses of supervisory personnel ~~must be established by the state board of education~~.

Sec. 7. Minnesota Statutes 1991 Supplement, section 125.185, subdivision 4a, is amended to read:

Subd. 4a. Notwithstanding section 125.05, or any other law to the contrary, the authority of the board of teaching and the state board of education to approve teacher education programs and to issue teacher licenses expires on June 30, 1996. Any license issued by the board of teaching or the state board of education after July 1, 1991, must expire by June 30, 1996.

The board of teaching, in cooperation with the state board of education and the higher education coordinating board, shall develop policies and corresponding goals for making teacher education curriculum more consistent with the purpose of state public education. The revised teacher education curriculum must *include an education program in which candidates for licensure learn how to help students resolve conflicts in effective, nonviolent ways and programs promoting cultural sensitivity, gender fairness, violence prevention skills, sexual harassment awareness and prevention, and recognition of the signs of child abuse and neglect. The revised curriculum must* be consistent with the board of teaching rules required under subdivision 4 for redesigning teacher education programs to implement a research-based, results-oriented curriculum. The revised ~~teacher education~~ curriculum may include a requirement that teacher education programs contain a one-year mentorship program. The mentorship program must provide students with elementary or secondary teaching experience and appropriate professional support and evaluation from licensed classroom teachers, including mentor teachers. By February 1, 1992, the board of teaching shall provide the education committees of the legislature with detailed written guidelines, strategies, and programs to implement the revised teacher education curriculum. By February 1, 1993, the board of teaching and the state board of education shall adopt rules under chapter 14 that are consistent with the guidelines, strategies, and programs provided to the legislature, including amending board rules governing the issuing, expiring, and renewing of teacher licenses.

The higher education coordinating board shall assist the state's teacher preparation institutions in developing teacher education curriculum for their students that is consistent with the guidelines, programs, and strategies approved by the legislature. The institutions must use the revised teacher education curriculum to instruct their students beginning in the 1996-1997 school year.

Sec. 8. Minnesota Statutes 1991 Supplement, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. [PERMITTED USES.] A school board may approve a plan to

accomplish any of the following purposes:

(1) foster readiness for outcome-based education by increasing knowledge and understanding of and commitment to outcome-based education;

(2) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, and community members to address pupils' needs through outcome-based education;

(3) develop programs to increase pupils' educational progress by developing appropriate outcomes and personal learning plans and by encouraging pupils and their parents to assume responsibility for their education;

(4) design and develop outcome-based education programs containing various instructional opportunities that recognize pupils' individual needs and utilize family and community resources;

(5) evaluate the effectiveness of outcome-based education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators; ~~and~~

(6) provide staff time for peer review of probationary, continuing contract, and nonprobationary teachers; *and*

(7) provide for in-service education for elementary and secondary staff to teach and model violence prevention, anti-sexual, racial, and cultural harassment policy and curricula, and to teach nonviolent conflict resolution.

Sec. 9. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 6j, is amended to read:

Subd. 6j. |LEVY FOR CRIME RELATED COSTS.| ~~For taxes levied in 1991 payable in 1992 only,~~ Each *year a* school district may ~~make a~~ levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to $1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools~~,~~ *and* (2) to ~~teach drug abuse resistance education curricula~~ *pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (f),* in the elementary schools~~, and (3) to pay the costs incurred for the salaries and benefits of peace officers and sheriffs whose primary responsibilities are to investigate controlled substance crimes under chapter 152~~. The school district must initially attempt to contract for these services with the police department of each city or the sheriff's department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations and must be disregarded in computing any overall levy limitations under sections 275.50 to 275.56 of the participating cities or counties.

Sec. 10. Minnesota Statutes 1991 Supplement, section 289A.01, is

amended to read:

289A.01 [APPLICATION OF CHAPTER.]

This chapter applies to taxes administered by or paid to the commissioner under chapters 290, 290A, 291, ~~and~~ 297A, *297E*, and sections 298.01 and 298.015.

Sec. 11. Minnesota Statutes 1990, section 290.01, subdivision 19b, is amended to read:

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

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

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

(3) the amount paid to others not to exceed $650 for each dependent in grades kindergarten to ~~6 and $1,000 for each dependent in grades 7 to~~ 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must *(i)* elect to itemize deductions under section 63(e) of the Internal Revenue Code *and (ii) have a federal adjusted gross income that does not exceed: $75,000 if the taxpayer is married and files a joint return, $37,500 if the taxpayer is married and files separately, $63,900 if the taxpayer qualifies as a head of household as defined under section 2(b) of the Internal Revenue Code, or $42,400 if the taxpayer is unmarried*;

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

(5) income as provided under section 290.0802;

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

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491.

CHAPTER 297E

TAX ON SOFT DRINKS

Sec. 12. [297E.01] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] *For purposes of this chapter, the terms defined in this section have the meaning given.*

Subd. 2. [COMMISSIONER.] *"Commissioner" means the commissioner of revenue.*

Subd. 3. [SOFT DRINKS.] *"Soft drinks" means carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than noncarbonated and noneffervescent bottled water sold in individual containers of one-half gallon or less in size.*

Subd. 4. [RETAILER.] *"Retailer" means a person who sells soft drinks at retail to ultimate consumers. Retailer includes a person who buys soft drinks for redistribution to one or more retail establishments the person owns or with which the person maintains a franchise agreement.*

Subd. 5. [WHOLESALER.] *"Wholesaler" means any person who sells or otherwise furnishes for resale purposes, from a stock maintained inside or outside the state, soft drinks to one or more retailers within the state. Wholesaler includes a manufacturer of soft drinks who sells soft drinks directly to retailers.*

Sec. 13. [297E.02] [TAX IMPOSED.]

(a) There is imposed a tax on the first sale of soft drinks by a wholesaler to a retailer in the state or on importation into the state. The tax is imposed at the rate of five percent of the wholesale price. The liability for the tax is incurred when the soft drinks are delivered by the wholesaler to the retailer, to a common or contract carrier for delivery to the retailer, or when received by the customer's authorized representative at the wholesaler's place of business, regardless of the wholesaler's method of accounting or of the terms of the sale.

(b) The commissioner of revenue shall not impose or collect the tax in paragraph (a) unless the commissioner of education makes payments to school districts required by sections 124.2615, 124.2717, and 124C.62 according to the appropriations in this article.

Sec. 14. [297E.03] [RETURNS.]

The tax imposed by this chapter is due and payable on or before the 20th day of the month following the month in which the liability for the tax is incurred. Each wholesaler shall file a return monthly with the commissioner stating the total volume of soft drinks the wholesaler has sold that is subject to the tax during the previous month. The commissioner may authorize returns to be filed by means of magnetic media or electronic data transfer.

Sec. 15. [297E.04] [TAX PERMIT.]

Every wholesaler must file with the commissioner an application, on a form the commissioner prescribes, for a soft drink tax identification number and soft drink tax permit. A permit is not assignable and is valid only for the wholesaler in whose name it is issued.

Sec. 16. [297E.05] [RECORDS.]

A wholesaler must keep at each licensed place of business complete and accurate records for that place of business, including itemized invoices of all soft drinks held, purchased, manufactured, or brought in or caused to be brought in from outside the state, and all sales of soft drinks. Books, records, and other papers and documents must be kept for a period of at least three years after the date of the documents, or the date of entries appearing in the records, unless the commissioner authorizes in writing their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner or the commissioner's authorized agents may enter a wholesaler's place of business and inspect the premises and the records required to be kept under this section, to determine whether the provisions of this chapter are being fully complied with. If the commissioner or any of the commissioner's agents are denied free access to, or are hindered or interfered with in making an inspection of, a wholesaler's place of business, the commissioner may revoke the wholesaler's permit.

Sec. 17. [297E.06] [SUSPENSION REVOCATION.]

The commissioner, after giving notice, may for reasonable cause revoke or suspend a permit issued to a wholesaler under section 15. The notice must be sent to the distributor at least 15 days before the effective date of the proposed suspension or revocation. The notice must give the reason for the proposed action and must direct the wholesaler to show cause why the proposed action should not be taken. The notice may be served personally or by mail. A suspension or revocation is a contested case under sections 14.57 to 14.69.

Sec. 18. [297E.07] [REFUNDS.]

The commissioner shall allow a refund of tax paid under this chapter of (1) tax paid on soft drinks that are returned to a wholesaler by a retailer, if the soft drinks are subsequently returned by the wholesaler to the manufacturer, and (2) tax paid in excess of the amount owed. The amounts necessary to make the refunds are appropriated to the commissioner from the fund established in section 22.

Sec. 19. [297E.08] [COLLECTION; CIVIL PENALTIES.]

The provisions of chapter 289A relating to the commissioner's authority to audit, assess, and collect the tax imposed by chapter 297A apply to the tax, penalty, and interest imposed by this chapter. The commissioner shall impose civil penalties for violation of this section as provided in section 289A.60, and the additional tax and penalties are subject to interest at the rate provided in section 270.75.

Sec. 20. [297E.09] [RULES.]

The commissioner may adopt rules for the administration and enforcement of this chapter.

Sec. 21. [297E.10] [PERSONAL DEBT.]

The tax imposed by this chapter, penalties, and interest thereon, is a personal debt of the person required to file a return from the time the

liability for the tax arises, without regard to when the time for payment of the liability occurs. The debt is, in the case of the executor or administrator of the estate or a decedent and in the case of a fiduciary, that of the person in the person's official or fiduciary capacity only unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person is personally liable for any deficiency.

Sec. 22. [297E.11] [DEPOSIT OF FUNDS.]

All revenues received under this chapter must be paid to the state treasurer for deposit in the early learning and violence prevention account in the special revenue fund.

Sec. 23. [297E.12] [VIOLATIONS.]

It is a gross misdemeanor for any person to:

(1) possess, with intent to evade the tax, soft drinks on which the tax imposed by this chapter has not been paid;

(2) make a false statement on any return or other document filed with the commissioner under this chapter; or

(3) falsify or fail to keep a record required to be kept under this chapter.

Sec. 24. Laws 1991, chapter 265, article 11, section 23, subdivision 1, is amended to read:

Subdivision 1. [DEPARTMENT OF EDUCATION.] (a) The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

(b) The amounts that may be spent for each program are specified in the following subdivisions.

(c) The approved complement is:

	1992	1993
General Fund	258.5	~~258.5~~ *214.5*
Federal	135.6	~~135.6~~ *137.7*
Other	28.9	~~28.9~~ *25.3*
Total	423.0	~~423.0~~ *377.5*

(d) The commissioner of education, with the approval of the commissioner of finance, may transfer unencumbered balances among the programs during the biennium. Transfers must be reported immediately to the education finance division of the education committee of the house of representatives and the education funding division of the education committee of the senate. During the biennium, the commissioner may transfer money among the various objects of expenditure categories and activities within each program, unless restricted by executive order.

(e) The commissioner of education may transfer complement among funds if necessary and must provide a listing of the transfers to the commissioner of finance at the end of each fiscal year. Material changes must be approved by the commissioner of finance and reported to the house education finance division and the senate education funding division.

(f) The expenditures of federal grants and aids as shown in the biennial budget document are approved and shall be spent as indicated.

(g) The commissioner shall continue to enforce Minnesota Statutes, section 126.21, and other civil rights laws as they apply to programs supervised by the commissioner. This function must not be performed by the same person who, with funding under a federal grant, is providing technical assistance to school districts in implementing nondiscrimination laws.

(h) It is the policy of the legislature to maximize the delivery of educational services to students. If a reduction in the number of employees of the department of education is necessary, the commissioner must make the reduction to personnel based on the following:

(1) Compute a ratio for each category of management, supervisory, line, and support personnel equal to:

(i) the salaries paid to personnel in each category, for the fiscal year ending June 30, 1991, divided by

(ii) the total salaries paid to employees in the department for the fiscal year ending June 30, 1991.

(2) Reduce the personnel budget in each category of personnel by an amount equal to the total budget reduction determined by the department for personnel reduction, times the ratio computed in clause (1).

(3) The total budget reduction is the difference between the general fund appropriation for the department and the amount recommended by the governor.

Sec. 25. [LEARNER OUTCOMES.]

The department of education shall establish measurable outcomes to demonstrate knowledge of violence prevention, anti-sexual harassment behaviors, nonviolent conflict resolution, and identification of and ability to contact personal safety support services.

Sec. 26. [1992 COMMUNITY VIOLENCE PREVENTION REVENUE.]

A school district may levy in 1992 for taxes payable in 1993 for community violence prevention revenue for fiscal years 1993 and 1994 even if it does not have an approved plan. To levy for taxes payable in 1993, the district shall notify the department of education of its intention to develop a plan for approval by the office of the attorney general and the department of education. If a district does not subsequently have an approved plan, the department of education shall reduce the district's community education levy or general education levy, if the district does not levy for community education, by the amount the district levied according to this section.

Sec. 27. [SURVEY AND RECOMMENDATIONS ON VIOLENCE PREVENTION EDUCATION AND PREVENTION PROGRAMS.]

Subdivision 1. [SURVEY.] *The department of education may conduct a survey of each school district about the violence prevention programs and nonviolent conflict resolution programs provided by the district to help students learn how to resolve conflicts within their families and communities in nonviolent, effective ways.*

Subd. 2. [SURVEY CONTENT.] *The department shall develop the form and content of the survey. The survey must at least identify:*

(1) a description of the programs and curricula;

(2) current in-service programs for district staff;

(3) any problems the district may have experienced in implementing or attempting to implement programs;

(4) community and state resources available to assist districts in providing programs; and

(5) coordination of district programs with other districts, ECSUs, local community services, agencies, or organizations that assist in violence intervention or prevention.

Subd. 3. [REPORT TO LEGISLATURE.] *Based on a compilation of the district surveys, the commissioner of education shall report to the education committees of the legislature by January 15, 1993, the results of the district surveys and recommendations about successful and effective programs.*

Sec. 28. [DEPARTMENT COMPLEMENT.]

The complement of the department of education is increased by one for the purposes of violence prevention programs in this article.

Sec. 29. [APPROPRIATIONS REDUCTION.]

The general fund appropriations in Laws 1991, chapter 265, are reduced for the fiscal years indicated for the programs shown by the following amounts:

	1992	*1993*
General and Supplemental Education Aid		*($2,700,000)*
Transportation Aid	*($1,468,200)*	*(259,100)*
Summer Special Education Aid	*(71,600)*	
Individualized Learning and Development Aid	*(425,000)*	*(75,000)*
Assurance of Mastery	*(11,300)*	*(2,000)*
Special Programs Equalization Aid		*(1,000,000)*
Adult Basic Education Aid		*(500,000)*
Early Childhood Family Education Aid	*(104,800)*	*(18,000)*
Capital Expenditure Facilities Aid		*(2,352,000)*
Capital Expenditure Equipment Aid		*(2,387,000)*
Health and Safety Aid	*(1,147,500)*	*(202,500)*
Cooperation and Combination Aid		*(162,000)*
Secondary Vocational Cooperative Aid	*(5,700)*	*(1,000)*
Educational Cooperative Service Units		*(127,200)*
Management Information Centers		*(682,200)*
Nonpublic Pupil Aid	*(146,500)*	*(25,800)*
Teacher Mentorship		*(50,000)*
Educational Effectiveness		*(150,000)*
State PER Assistance		*(120,200)*

Department of Education (700,000)

The commissioner of education may allocate the reduction in the department among the department's programs. The reduction may not be made from the Faribault academies.

Sec. 30. [TRANSCRIPT AND OTHER COSTS OF LITIGATION.]

The department of finance shall transfer $50,000 from the account of the department of education for payment of consultant fees to an account of the office of the attorney general to pay the costs of preparing a transcript of the trial of Skeen, et. al. v. State of Minnesota, et. al., and other related costs of appeal. The amount transferred is appropriated for fiscal year 1992 to the office of the attorney general to continue litigation of the case.

Sec. 31. [FINANCIAL CHARGES PROHIBITED.]

The commissioner of education may not charge school districts or other educational agencies for the costs of the Minnesota quick link system or any other mode of communication with school districts or other educational agencies.

Sec. 32. [ACCOUNT TRANSFER.]

$1,000,000 is transferred in fiscal year 1993 from the early learning and violence prevention account from the special revenue fund to the general fund.

Sec. 33. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the early learning and violence prevention account of the special revenue fund to the agency indicated for fiscal year 1993.*

Subd. 2. [VIOLENCE PREVENTION PROGRAM AID AND GRANTS AND LEARNING READINESS AID.] *To the department of education for community violence prevention aid, violence prevention program grants, and learning readiness program aid:*

$28,975,000 1993

Up to $50,000 of the appropriation may be used to provide assistance to and coordination of community violence prevention programs and violence prevention grant programs.

$50,000 of the appropriation is available to the department to use for administration of the program.

Subd. 3. [OFFICE OF THE ATTORNEY GENERAL.] *To the office of the attorney general to provide assistance to and coordination of community violence prevention councils.*

$25,000 1993

The appropriations in this section are contingent upon the availability of receipts from the early learning and violence prevention account in the special revenue fund. The appropriation shall be reduced proportionately based upon the revenue available.

Sec. 34. [REPEALER.]

Minnesota Statutes 1990, sections 121.25; 121.26; 121.27; and 121.28, are repealed.

Sec. 35. [EFFECTIVE DATE.]

Sections 10 and 12 to 23 are effective for sales of soft drinks after June 30, 1992. Section 11 is effective for taxable years beginning after December 31, 1991.

ARTICLE 12

NONCONTROVERSIAL AND TECHNICAL CHANGES

Section 1. Minnesota Statutes 1991 Supplement, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota state academy for the deaf or the Minnesota state academy for the blind shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2, that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged shall not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education aid for the child. The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. Tuition received by the state board, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

(c) In addition to the tuition charge allowed in clause (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this clause must be used by the academies to provide the required service.

(d) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(e) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board

for less than the amount specified in clause (d) for providing appropriate educational programs to pupils attending the applicable school.

(f) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

(g) On May 1 of each year, the state board shall count the actual number of Minnesota resident *kindergarten and* elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of *kindergarten and* elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in clause (g), subclauses (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of education for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section.

Sec. 2. Minnesota Statutes 1990, section 121.935, is amended by adding a subdivision to read:

Subd. 7a. [LIMITATION ON ALL AGREEMENTS.] *(a) No district shall be required by an agreement or otherwise to participate in or provide financial support for a regional center for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void.*

(b) This subdivision shall not affect the continued liability of a district for its share of bonded indebtedness or other debt incurred by the center before July 1, 1993. The district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on June 30, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the district are not increased and if the total obligation of the district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities provided by the center or to withdraw from the center, the school board shall adopt a resolution and notify the center of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year or, at the option of the school board, June 30 of the following fiscal year.

(d) Before issuing bonds or incurring other debt, the board of a center shall adopt a resolution proposing to issue bonds or incur other debt and

the proposed financial effect of the bonds or other debt upon each participating district. The resolution shall be adopted within a time sufficient to allow the school board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The board of the center shall notify each participating school board of the contents of the resolution. Within 120 days of receiving the resolution of the board of the center, the school board of the participating district shall adopt a resolution stating:

(1) its concurrence with issuing bonds or incurring other debt;

(2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or

(3) its intention to withdraw from the regional center.

A school board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the board of the regional center. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the board of the regional center, related to the services or activities in which the district ceases participating or providing financial support. A school board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the board of the regional center.

(e) On and after July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the regional center to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the board of the regional center provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

Sec. 3. Minnesota Statutes 1990, section 122.23, subdivision 12, is amended to read:

Subd. 12. The school board shall determine the date of the election, the number of boundaries of voting precincts, and the location of the polling places where voting shall be conducted, and the hours the polls will be open. The school board shall also provide official ballots which shall be used exclusively and shall be in the following form:

For consolidation . . . . .

Against consolidation . . . . .

The school board shall appoint ~~three~~ election judges ~~for each polling place~~ who shall act as clerks of election. ~~The school board may pay these election judges not to exceed $1 per hour.~~ The ballots and results shall be certified to the school board who shall canvass and tabulate the total vote cast for and against the proposal.

Sec. 4. Minnesota Statutes 1990, section 122.23, subdivision 13a, is amended to read:

Subd. 13a. [CONSOLIDATION IN AN EVEN-NUMBERED YEAR.] Notwithstanding subdivision 13, school districts may consolidate ~~during~~ *effective July 1 of* an even-numbered year if the school board and the exclusive bargaining representative of the teachers in each affected district agree to the effective date of the consolidation. The agreement must be in writing and submitted to the commissioner of education.

Sec. 5. Minnesota Statutes 1990, section 123.35, is amended by adding a subdivision to read:

Subd. 19a. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] *(a) No school district shall be required by any type of formal or informal agreement, including a joint powers agreement, or otherwise to participate in or provide financial support for the purposes of the agreement for a time period in excess of one fiscal year. Any agreement, part of an agreement, or other type of requirement to the contrary is void.*

(b) This subdivision shall not affect the continued liability of a school district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the school district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the school board shall adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. The cessation or withdrawal shall be effective June 30 of the same year or, at the option of the school board, June 30 of the following fiscal year.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement shall adopt a resolution proposing to issue bonds or incur other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution shall be adopted within a time sufficient to allow the school board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The governing body responsible for implementing the agreement shall notify each participating school board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

(1) its concurrence with issuing bonds or incurring other debt;

(2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or

(3) its intention to terminate participation in the agreement.

A school board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A

school board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

Sec. 6. Minnesota Statutes 1991 Supplement, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] *(a)* The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

~~(a)~~ *(1)* general education aid authorized in sections 124A.23 and 124B.20;

~~(b)~~ *(2)* secondary vocational aid authorized in section 124.573;

~~(c)~~ *(3)* special education aid authorized in section 124.32;

~~(d)~~ *(4)* secondary vocational aid for handicapped children authorized in section 124.574;

~~(e)~~ *(5)* aid for pupils of limited English proficiency authorized in section 124.273;

~~(f)~~ *(6)* transportation aid authorized in section 124.225;

~~(g)~~ *(7)* community education programs aid authorized in section 124.2713;

~~(h)~~ *(8)* adult education aid authorized in section 124.26;

~~(i)~~ *(9)* early childhood family education aid authorized in section 124.2711;

~~(j)~~ *(10)* capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

~~(k)~~ *(11)* education district aid according to section 124.2721;

~~(l)~~ *(12)* secondary vocational cooperative aid according to section 124.575;

~~(m)~~ *(13)* assurance of mastery aid according to section 124.311;

~~(n)~~ *(14)* individual learning and development aid according to section 124.331;

~~(o)~~ *(15)* homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(p)~~ *(16)* agricultural credit under section 273.132 for taxes payable in 1989

and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(q)~~ *(17)* homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; ~~and~~

~~(r)~~ *(18)* attached machinery aid authorized in section 273.138, subdivision 3; *and*

(19) alternative delivery aid authorized in section 124.322.

(b) The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 7. Minnesota Statutes 1991 Supplement, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district shall maintain school in session or provide instruction in other districts for at least the number of days required in *section 120.101*, subdivision ~~1b~~ *5b*, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 1b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

Sec. 8. Minnesota Statutes 1991 Supplement, section 124.2727, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE LEVY AUTHORITY.] (a) An intermediate school district may levy, as a single taxing district, according to this paragraph, an amount that may not exceed the greater of:

(1) five-sixths of the levy certified for taxes payable in 1989; or

(2) the lesser of (i) $50 times the actual pupil units in each participating district for the fiscal year to which the levy is attributable, or (ii) 1.43 percent of the adjusted net tax capacity. The levy shall be certified according to section 275.07. Upon such certification, the county auditors shall levy and collect the levies and remit the proceeds of the levy to the intermediate school

district. The levies shall not be included in computing the limitation upon the levy of any of the participating districts.

(b) ~~Five-sixths~~ *Five-elevenths* of the proceeds of the levy shall be used for special education. Six-elevenths of the proceeds of the levy shall be used for secondary vocational education.

(c) To levy according to paragraph (a), a majority of the full membership of the school board of each member of the intermediate school district shall adopt a resolution in August of any year stating its decision not to levy according to this section and authorizing the intermediate district to levy according to paragraph (a). Any member district may adopt a resolution by the following February 1 or February 1 of any subsequent year to levy as a school district the amount authorized by this section. The resolution may or may not also contain the school board's decision to withdraw from the intermediate school district or to cease participating in or providing financial support for any of the services or activities of the intermediate school district. Upon withdrawal from or cessation of participation in or support for the services or activities of the intermediate district, the board of the intermediate district shall pay to the district $50 times the number of actual pupil units in the school district, or a prorated amount if the member district ceases participation in or providing financial support for any activities or services of the intermediate district.

Sec. 9. Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM REVENUE.] (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated net tax capacity rate in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing *referendum* levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring *referendum* levy authority, and express the proposed increase as the amount, if any, over the expiring *referendum levy* authority. The ballot shall designate the specific number of years, not to exceed five, for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of . . . . . , School District No. . . . . , be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed revenue increase. For the

purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 10. Minnesota Statutes 1990, section 124A.22, is amended by adding a subdivision to read:

Subd. 8a. [SUPPLEMENTAL LEVY.] *To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding training and experience revenue and supplemental revenue, for the same year.*

Sec. 11. Minnesota Statutes 1990, section 124A.22, is amended by adding a subdivision to read:

Subd. 8b. [SUPPLEMENTAL AID.] *A district's supplemental aid equals its supplemental revenue minus its supplemental levy times the ratio of the actual amount levied to the permitted levy.*

Sec. 12. Minnesota Statutes 1990, section 124A.23, subdivision 3, is amended to read:

Subd. 3. [GENERAL EDUCATION LEVY; DISTRICTS OFF THE FORMULA.] If the amount of the general education levy for a district exceeds the district's general education revenue, excluding *training and experience revenue and* supplemental revenue, the amount of the general education levy shall be limited to the following:

(1) the district's general education revenue, excluding *training and experience revenue and* supplemental revenue; plus

(2) the amount of the aid reduction for the same school year according to section 124A.24; minus

(3) payments made for the same school year according to section 124A.035, subdivision 4.

For purposes of statutory cross-reference, a levy made according to this subdivision shall be construed to be the levy made according to subdivision 2.

Sec. 13. Minnesota Statutes 1991 Supplement, section 124A.23, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, excluding *training and experience revenue and* supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) ~~the product of (i) the difference between the supplemental revenue and the supplemental levy, times (ii) the ratio of the actual amount levied to the permitted levy~~ *training and experience aid according to section 124A.22, subdivision 4b*;

(3) *supplemental aid according to section 11;*

(4) shared time aid according to section 124A.02, subdivision 21; and

~~(4)~~ *(5)* referendum aid according to section 124A.03.

Sec. 14. Minnesota Statutes 1991 Supplement, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section

124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding *training and experience revenue and* supplemental revenue, for the same school year, according to section 124A.22.

However, for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2).

Sec. 15. Minnesota Statutes 1990, section 124A.26, subdivision 2, is amended to read:

Subd. 2. [LEVY REDUCTION.] If a district's general education revenue is reduced, the general education levy shall be reduced by the following amount:

(1) the reduction specified in subdivision 1, times

(2) the lesser of one or the ratio of the district's general education levy to its general education revenue, excluding *training and experience revenue and* supplemental revenue.

Sec. 16. Minnesota Statutes 1990, section 125.18, subdivision 1, is amended to read:

Subdivision 1. A teacher who holds a license ~~from the department~~, *according to chapter 125 or 136C*, and a contract for employment ~~in~~ *by* a ~~public~~ school *district or other organization providing public education* may be granted a sabbatical leave by the board employing ~~such person~~ *the teacher* under rules promulgated by ~~such~~ *the* board.

Sec. 17. Minnesota Statutes 1990, 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 *124.2727*, 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. 18. Minnesota Statutes 1990, section 136D.74, subdivision 2a, is amended to read:

Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding ~~subdivisions 2 and~~ *subdivision* 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 *124.2727*, 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. 19. Minnesota Statutes 1990, 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 *124.2727*, 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. 20. Minnesota Statutes 1990, section 205A.10, subdivision 2, is amended to read:

Subd. 2. [ELECTION, CONDUCT.] A school district election must be by secret ballot and must be held and the returns made in the manner provided for the state general election, as far as practicable. The vote totals from an absentee ballot board established pursuant to section 203B.13 may be tabulated and reported by the school district as a whole rather than by precinct. For school district elections not held in conjunction with a statewide election, the school board shall appoint election judges as provided in section 204B.21, subdivision 2. The provisions of sections 204B.19, subdivision 5; 204C.15; 204C.19; 206.63; *206.64, subdivision 2;* 206.74, subdivision 3; 206.75; ~~and~~ 206.83; *and 206.86, subdivision 2*, relating to party balance in appointment of judges and to duties to be performed by judges of different major political parties do not apply to school district elections not held in conjunction with a statewide election.

Sec. 21. Minnesota Statutes 1991 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, 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 *124 or* 136D, joint powers boards established under sections 124.491 to 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.

Sec. 22. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 23. [LEVY ADJUSTMENT FOR ENACTED CHANGES.] *Whenever a change enacted in law changes the levy authority for a school district or an intermediate school district for a fiscal year after the levy for that fiscal year has been certified by the district under section 275.07, the department of education shall adjust the next levy certified by the district by the amount of the change in levy authority for that fiscal year resulting from the change. Notwithstanding section 121.904, the entire amount of the levy adjustment must be recognized as revenue in the fiscal year the levy is certified, if sufficient levy resources are available under generally accepted accounting principles in the district fund where the adjustment is to occur. School districts that do not have sufficient levy resources available in the fund where the adjustment is to occur shall recognize in the fiscal year the levy is certified an amount equal to the levy resources available. The remaining adjustment amount shall be recognized as revenue in the fiscal year after the levy is certified.*

Sec. 23. Laws 1991, chapter 265, article 7, section 37, subdivision 6, is amended to read:

Subd. 6. [CONTRACT FUNDS.] ~~Any unexpended~~ Contract funds awarded to a school, school district, or group of districts ~~in one fiscal year do not cancel but are available in the next fiscal year~~ *shall be used only for outcome-based education purposes and activities specified in the contract. Any of the contract funds unexpended in the first fiscal year shall be available to the award recipient in the second fiscal year for the same purposes and activities.*

Sec. 24. Laws 1991, chapter 265, article 9, section 76, is amended to read:

Sec. 76. [EFFECTIVE DATE.]

Section 123.38, subdivision 2b, is effective the day following final enactment and applies to the 1990-1991 school year and thereafter. Sections 123.33, subdivision 1; and 123.3514, subdivision 4 are effective the day following final enactment and apply to 1991-1992 and later school years.

Sections 122.895; 123.35, subdivision 20; 125.09, subdivision 4; 128C.01, subdivision 5; 214.10, subdivision 9 are effective the day following final enactment. Section 122.41 is effective July 1, 1992. Section 120.062, subdivision 8a, paragraphs (b) and (c), are effective retroactively to December 1, 1990. ~~Sections 123.3514, subdivision 4; and~~ *Section* 124.17, subdivision 1c ~~are~~ *is* effective retroactively to July 1, 1990. Section 281.17 is effective for taxes deemed delinquent after December 31, 1991. Sections 125.12, subdivisions 3a and 4a; and 125.17, subdivisions 2a and 3a are effective July 1, 1993. Sections 121.931, subdivisions 6a, 7, and 8; 121.932, subdivisions 2, 3, and 5; 121.933, subdivision 1; 121.934, subdivision 7; 121.935, subdivisions 1, 4, 6, and 8; 121.936, subdivisions 1, 2, and 4; and 121.937, subdivision 1, are effective July 1, 1993.

Under Minnesota Statutes, section 123.34, subdivision 9, a contract executed before July 1, 1991, between a superintendent and a school board that continues in effect beyond June 30, 1991, shall continue until terminated under those terms that were lawful at the time the contract was executed.

Sections 15 to 30 are effective July 1, 1993. Section 74 is effective the day following final enactment.

Sec. 25. [INSTRUCTION TO REVISOR.]

In addition to the recodification of subdivisions of Minnesota Statutes, section 275.125, required by Laws 1991, chapter 130, section 37, the revisor of statutes, in the 1992 edition of Minnesota Statutes, shall recodify in chapter 124 all subdivisions of Minnesota Statutes, section 275.125, added by any chapter of Laws 1991 or Laws 1992, notwithstanding any law to the contrary.

Sec. 26. [REPEALER.]

(a) Minnesota Statutes 1991 Supplement, sections 121.935, subdivision 7; and 123.35, subdivision 19, are repealed effective July 1, 1993.

(b) Minnesota Statutes 1991 Supplement, section 124.646, subdivision 2, is repealed effective the day following final enactment.

(c) Minnesota Statutes 1990, section 124A.23, subdivision 2a; and Laws 1991, chapter 265, articles 2, section 18; 3, section 36; 5, section 17; and 6, section 60, are repealed effective July 1, 1992.

Sec. 27. [EFFECTIVE DATE.]

Sections 2 and 5 are effective July 1, 1993. Section 22 is effective retroactively to May 1, 1991, and applies beginning with adjustments to the 1991 payable 1992 levy for fiscal year 1992."

Delete the title and insert:

"A bill for an act relating to education; providing for general education revenue, transportation, special programs, community services, facilities and equipment, education organization and cooperation, other aids and levies, other education programs, miscellaneous education matters, libraries, state education agencies; imposing a tax; modifying certain income tax provisions; modifying appropriations; appropriating money; amending Minnesota Statutes 1990, sections 120.17, subdivisions 2, 3a, and 16; 121.11, subdivision 7; 121.88, by adding a subdivision; 121.935, by adding subdivisions; 122.23, subdivisions 12, 13, and 13a; 122.241, subdivision 3; 122.531, by adding subdivisions; 122.532, subdivision 2; 123.33, subdivision 7; 123.35, by adding a subdivision; 123.3514, subdivisions 6, as amended, as reenacted, 6b, as amended, as reenacted, and by adding a subdivision; 123.39, subdivision 8d; 123.58, subdivision 3, and by adding a subdivision; 123.78, by adding a subdivision; 124.155, subdivision 1; 124.17, by adding a subdivision; 124.19, subdivision 5; 124.243, subdivisions 2 and 6; 124.244, subdivision 1; 124.2725, subdivision 2; 124.6472, by adding subdivisions; 124.73, subdivision 1; 124.85, subdivision 4; 124A.22, subdivision 2a, and by adding subdivisions; 124A.23, subdivision 3; 124A.26, subdivision 2; 124A.29, as amended; 124C.61; 125.05, subdivision 2; 125.18, subdivision 1; 126.22, by adding a subdivision; 128A.09, subdivision 2, and by adding a subdivision; 134.34, subdivision 1, and by adding a subdivision; 136C.65, subdivision 1; 136D.22, subdivision 1; 136D.27, subdivision 2; 136D.74, subdivision 2a; 136D.82, subdivision 1; 136D.87, subdivision 2; 205A.10, subdivision 2; 275.125, subdivisions 10, 14a, and by adding subdivisions; 290.01, subdivision 19b; Minnesota Statutes 1991 Supplement, sections 13.40, subdivision 2; 120.062, subdivision 8a; 120.17, subdivisions 3b and 7a; 120.181; 121.904, subdivisions 4a and 4e; 121.912, subdivision 6; 121.915; 122.22, subdivision 9; 122.23, subdivision 2; 122.242, subdivision 9; 124.155, subdivision 2; 124.19, subdivision 1; 124.195, subdivisions 2 and 3a; 124.2601, subdivision 6; 124.2615, subdivision 2; 124.2721, subdivision 5a; 124.2727, subdivision 6; 124.646, subdivision 4; 124.6472, subdivision 1; 124.84, subdivision 3; 124.95, subdivisions 1 and 2; 124A.03, subdivisions 1h, 2, and 2a; 124A.23, subdivision 4; 124A.24;

125.185, subdivision 4a; 125.62, subdivision 6; 126.23; 126.70, subdivision 2a; 128B.10, subdivision 2; 136D.72, subdivision 1; 275.065, subdivisions 1 and 6; 275.125, subdivisions 6j and 11g; 289A.01; 298.28, subdivision 4; 373.42, subdivision 2; Laws 1990, chapter 366, section 1, subdivision 2; Laws 1991, chapters 265, articles 3, section 39, subdivision 16; 4, section 30, subdivisions 9 and 11; 5, sections 18 and 23; 7, section 37, subdivision 6; 8, sections 14 and 19, subdivision 6; 9, sections 75 and 76; 11, section 23, subdivision 1; and 356, article 9, section 12; proposing coding for new law in Minnesota Statutes, chapters 121; 122; 124; 124A; 124C; 126; 135A; 136C; 179A; 295; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1990, sections 121.25; 121.26; 121.27; 121.28; 124A.02, subdivision 24; 124A.23, subdivisions 2, 2a, and 3; 126.071, subdivisions 2, 3, and 4; 128A.022, subdivisions 5 and 7; 128A.024, subdivision 1; 134.34, subdivision 2; Minnesota Statutes 1991 Supplement, sections 121.935, subdivision 7; 123.35, subdivision 19; 124.2721, subdivision 5b; 124.2727, subdivisions 1, 2, 3, 4, 5, and 6; 124.646, subdivision 2; 124A.02, subdivisions 16 and 23; 124A.03, subdivision 2; 124A.23, subdivisions 1, 4, and 5; 126.071, subdivision 1; 126.70; Laws 1990, chapter 604, article 8, section 12; and Laws 1991, chapter 265, articles 2, section 18; 3, section 36; 5, section 17; 6, sections 60 and 64; and 7, section 35."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken in the Education Funding Division on Article 11 of S.F. No. 2326.

There were yeas 6 and nays 4, as follows:

Those who voted in the affirmative were:

Messrs. Dicklich, Dahl, Pogemiller, Stumpf, Mses. Pappas and Reichgott

Those who voted in the negative were:

Messrs. Knaak, Larson, Mehrkens and Ms. Olson

Article 11 was adopted.

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

S.F. No. 2755: A bill for an act relating to taxation; income and franchise; updating references to the Internal Revenue Code; providing for payment of corporate estimated tax; amending Minnesota Statutes 1990, section 289A.26, subdivision 7; Minnesota Statutes 1991 Supplement, section 290.01, subdivision 19.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

AIDS TO LOCAL GOVERNMENTS

Section 1. Minnesota Statutes 1991 Supplement, section 16A.711, subdivision 3, is amended to read:

Subd. 3. [ESTIMATES; REDUCTION OF PAYMENTS.] (a) At the beginning of each fiscal year the commissioner, in consultation with the commissioner of revenue, shall estimate for the fiscal year:

(1) the amount of revenues to be deposited in the trust fund under sections 297A.44 and 297B.09 and other law; and

(2) the payments authorized by law to be made out of the trust.

If the estimated payments exceed the estimated receipts of the trust fund, the appropriations from the trust to each program are proportionately reduced, unless otherwise provided by law.

If the estimated receipts of the trust fund exceed the estimated payments by $1,000,000 or more, the appropriation from the trust fund to each intergovernmental aid program is increased proportionately. The aid paid to each local government under the program is increased proportionately unless otherwise provided by law.

(3) For purposes of this clause, "intergovernmental aid programs" means:

(i) homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under section 273.1398;

(ii) manufactured home homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under section 274.20;

(iii) disparity reduction aid to counties, cities, towns, and special taxing districts under section 273.1398;

(iv) additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5;

(v) supplemental homestead property tax relief under section 273.1391;

(vi) disparity reduction credit under section 273.1398, subdivision 4;

(vii) local government aid and equalization aid under chapter 477A; and

(viii) attached machinery aid to counties under section 273.138.

(b) If as a result of changes in economic conditions or if information becomes available that indicates changes either in receipts or payments from the trust fund, the commissioner may at other times estimate the amount of receipts or payments and reduce or restore the appropriations under paragraph (a).

Sec. 2. Minnesota Statutes 1991 Supplement, section 16A.711, subdivision 4, is amended to read:

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the trust fund is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year will be sufficient, the commissioner shall advance money from the general fund to the trust fund necessary to make the payments. On or before the close of the biennium the trust shall repay the advances ~~with~~ *without* interest~~, calculated at the rate of earnings on invested treasurer's cash,~~ to the general fund.

Sec. 3. Minnesota Statutes 1991 Supplement, section 16A.711, is amended by adding a subdivision to read:

Subd. 5. [CONTINGENT REDUCTIONS.] *Notwithstanding subdivision 3, in fiscal year 1993 if the commissioner of finance, in consultation with the commissioner of revenue, estimates that the receipts of the local government trust fund will be insufficient to pay all the appropriations from the local government trust fund, the appropriations from the local government trust fund under section 273.1398, subdivision 7, and section 477A.03 must be reduced as provided by chapter 477A.*

Sec. 4. [16A.712] [LOCAL GOVERNMENT TRUST; APPROPRIATIONS IN FISCAL YEAR 1993 AND SUBSEQUENT YEARS.]

(a) The amounts necessary to make the following payments in fiscal year 1993 and subsequent years are appropriated to the commissioner of revenue from the local government trust fund:

(1) in fiscal year 1994 and subsequent years, $2,274,000 annually to be transferred to the general fund for costs associated with the state takeover of income maintenance programs pursuant to section 5;

(2) $2,526,000 in fiscal year 1994, and $18,874,000 in fiscal years 1995 and subsequent years to be transferred to the general fund for funding of the corrections equalization formula under section 477A.0121. It is the declared intent of the legislature that monies appropriated under this clause will not be used to reduce appropriations from the general fund for the correction equalization formula below the amount appropriated in fiscal year 1993;

(3) in fiscal year 1994 and subsequent years, $10,455,000 annually for payment to the Minneapolis employees retirement fund under section 422A.101, subdivision 3. Payments shall cease when the unfunded accrued liability of the fund is fully amortized;

(4) in fiscal year 1994 and subsequent years, $550,000 annually for payment to the Minneapolis employees retirement fund under section 356.865. The payment cannot be greater than the supplemental benefit lump sum payment under section 356.865, subdivision 2;

(5) in fiscal year 1994 and subsequent years, $5,055,000 annually for payment of state aid to local police and salaried firefighters relief associations under section 423A.02. Payments shall cease when the unfunded accrued liabilities of the associations are fully amortized;

(6) in fiscal year 1994 and subsequent years, mobile home homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under section 274.20;

(7) in fiscal year 1993 and subsequent years, attached machinery aid to counties under section 273.138;

(8) in fiscal year 1993 and subsequent years, supplemental homestead credit under section 273.1391; and

(9) $460,000 to the commissioner of revenue to administer the local option tax for fiscal year 1993.

(b) In addition, the legislature shall appropriate the rest of the trust fund receipts for fiscal year 1994 and subsequent years to finance intergovernmental aid formulas or programs prescribed by law.

Sec. 5. Minnesota Statutes 1991 Supplement, section 256.025, subdivision 3, is amended to read:

Subd. 3. [PAYMENT METHODS.] (a) Beginning July 1, 1991, the state will reimburse counties for the county share of county agency expenditures for benefits and services distributed under subdivision 2 and funded by the human services account established under section 273.1392. ~~except as follows:~~

~~(1) beginning July 1, 1992, the county shall pay 25 percent of the costs of the growth in emergency general assistance payments which exceed expenditures during the base year of calendar year 1990;~~

~~(2) beginning July 1, 1992, the county shall pay 25 percent of the costs of the growth in eligible general assistance negotiated rate payments which exceed expenditures during the base year of calendar year 1990;~~

~~(3) beginning July 1, 1992, the county shall pay 15 percent of the costs of the growth in Minnesota supplemental aid negotiated rate payments made which exceed expenditures during the base year of calendar year 1990;~~

~~(4) beginning July 1, 1992, the county shall pay 50 percent of the nonfederal portion of the growth in emergency assistance payments made which exceed expenditures during the base year of calendar year 1990~~.

(b) Payments under subdivision 4 are only for client benefits and services distributed under subdivision 2 and do not include reimbursement for county administrative expenses.

(c) The state and the county agencies shall pay for assistance programs as follows:

(1) Where the state issues payments for the programs, the county shall monthly advance to the state, as required by the department of human services, the portion of program costs not met by federal and state funds. The advance shall be an estimate that is based on actual expenditures from the prior period and that is sufficient to compensate for the county share of disbursements as well as state and federal shares of recoveries;

(2) Where the county agencies issue payments for the programs, the state shall monthly advance to counties all federal funds available for those programs together with an amount of state funds equal to the state share of expenditures; and

(3) Payments made under this paragraph are subject to section 256.017. Adjustment of any overestimate or underestimate in advances shall be made by the state agency in any succeeding month.

Sec. 6. Minnesota Statutes 1991 Supplement, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Except as provided for in subdivision 3, beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of county agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of county 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 through July 31, for calendar years 1991, 1992, and 1993 shall be made on or before July 10 in each of those

years. Payments for the period August through December for calendar years 1991, 1992, and 1993 shall be made on or before the third of each month thereafter through December 31 in each of those years.

(b) ~~Payment for 1/24 of the base amount and the January 1994 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before January 3, 1994. For the period of February 1, 1994, through July 31, 1994, payment of the base amount shall be made on or before July 10, 1994, and~~ *Beginning in January of 1994* payment of the growth amount over the base amount *for the period of January 1 through July 31* shall be made on or before the third of each month. *Payment of the base amount for the period of January 1 through July 31 shall be made on or before July 10.* Payments for the period *of* August ~~1994~~ through December ~~1994~~ shall be made on or before the third of each month thereafter ~~through December 31, 1994~~.

~~(c) Payment for the county share of county agency expenditures during January 1995 shall be made on or before January 3, 1995. Payment for 1/24 of the base amount and the February 1995 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before February 3, 1995. For the period of March 1, 1995, through July 31, 1995, payment of the base amount shall be made on or before July 10, 1995, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1995 through December 1995 shall be made on or before the third of each month thereafter through December 31, 1995.~~

~~(d) Monthly payments for the county share of county agency expenditures from January 1996 through February 1996 shall be made on or before the third of each month through February 1996. Payment for 1/24 of the base amount and the March 1996 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before March 1996. For the period of April 1, 1996, through July 31, 1996, payment of the base amount shall be made on or before July 10, 1996, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1996 through December 1996 shall be made on or before the third of each month thereafter through December 31, 1996.~~

~~(e) Monthly payments for the county share of county agency expenditures from January 1997 through March 1997 shall be made on or before the third of each month through March 1997. Payment for 1/24 of the base amount and the April 1997 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before April 3, 1997. For the period of May 1, 1997, through July 31, 1997, payment of the base amount shall be made on or before July 10, 1997, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1997 through December 1997 shall be made on or before the third of each month thereafter through December 31, 1997.~~

~~(f) Monthly payments for the county share of county agency expenditures from January 1998 through April 1998 shall be made on or before the third of each month through April 1998. Payment for 1/24 of the base amount and the May 1998 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before May 3, 1998. For the period of June 1, 1998, through July 31, 1998, payment of~~

~~the base amount shall be made on or before July 10, 1998, and payment of the growth amount over the base amount shall be made on or before the third of each month. Payments for the period August 1998 through December 1998 shall be made on or before the third of each month thereafter through December 31, 1998.~~

~~(g) Monthly payments for the county share of county agency expenditures from January 1999 through May 1999 shall be made on or before the third of each month through May 1999. Payment for 1/24 of the base amount and the June 1999 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before June 3, 1999. For the period of June 1, 1999, through July 31, 1999, payment shall be made on or before July 10, 1999. Payments for the period August 1999 through December 1999 shall be made on or before the third of each month thereafter through December 31, 1999.~~

~~(h) Effective January 1, 2000, monthly payments for the county share of county 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. 7. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] *(a)* An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity is annually appropriated from the general fund to the commissioner of revenue. *An amount sufficient to pay the aids and credits provided under this section for counties, cities, towns, and special taxing districts, except as provided under paragraph (b), is annually appropriated from the local government trust fund to the commissioner of revenue.*

(b) An amount sufficient to pay the aid provided under subdivision 5a to counties is appropriated 25 percent from the local government trust fund and 75 percent from the general fund in fiscal year 1993 and 100 percent from the general fund in fiscal year 1994 and thereafter.

Sec. 8. Minnesota Statutes 1990, section 290A.23, is amended to read:

290A.23 [APPROPRIATION.]

Subdivision 1. [RENTERS CREDIT.] There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required ~~by this chapter~~ *under section 290A.04, subdivision 2a.*

Subd. 2. [TARGETING AND HOMEOWNERS PROPERTY TAX REFUND.] *There is appropriated from the local government trust fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2 and 2h.*

Sec. 9. Minnesota Statutes 1991 Supplement, section 477A.012, subdivision 6, is amended to read:

Subd. 6. [AID OFFSET FOR 1992 COURT AND PUBLIC DEFENDER COSTS.] (a) There shall be deducted from the payment to a county under this section an amount equal to the cost of jury fees and, in the case of a county located in the third or sixth judicial district, of public defense services

in juvenile and misdemeanor cases, to the extent those costs are assumed by the state for the fiscal year beginning on July 1, 1992. The amount of the deduction is computed as provided in this subdivision.

(b) By June 30, 1991, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the cost for each county of jury fees during the fiscal year beginning on July 1, 1992.

(c) By June 30, 1991, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county in the third or sixth judicial district of the cost of the state-financed public defense services in juvenile and misdemeanor cases in the third or sixth judicial district during the fiscal year beginning on July 1, 1992.

(d) One-half of the amount computed under paragraphs (b) and (c) for each county shall be deducted from each local government aid payment to the county under section 477A.015 in 1992 and each subsequent year. If the amount computed under paragraph (b) 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, and then, if necessary, from the disparity reduction aid under section 273.1398, subdivision 3. *No amount equivalent to the aid reduction under this paragraph shall be transferred from the local government trust fund to the general fund.*

Sec. 10. [477A.0121] [COUNTY CORRECTIONS AID.]

Subdivision 1. [PURPOSE.] *County corrections aid is intended to reduce the reliance of county criminal justice and corrections programs and associated costs on local property taxes.*

Subd. 2. [DEFINITIONS.] *For the purposes of this section, the following definitions apply:*

(1) "population" means the population according to the most recent federal census, or according to the state demographer's most recent estimate if it has been issued subsequent to the most recent federal census; and

(2) "part one crimes" means the total number of part one crimes reported for each county by the department of public safety for the most recent year available.

Subd. 3. [FORMULA.] *Each calendar year, the commissioner of revenue shall distribute county corrections aid to each county in an amount determined according to the following formula:*

(1) one-half shall be distributed to each county in the same proportion that the county's population is to the population of all counties in the state; and

(2) one-half shall be distributed to each county in the same proportion that the county's part one crimes are to the total part one crimes for all counties in the state.

Subd. 4. [PAYMENT DATES.] *The aid amounts for each calendar year shall be paid in two equal payments, on July 20 and December 26 of each year.*

Sec. 11. Minnesota Statutes 1991 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1990, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar ~~year~~ *years* 1991 and ~~subsequent years~~ *1992*, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this subdivision less any permanent reductions made under section 477A.0132. *In 1993, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1992 before any nonpermanent reductions made under section 477A.0132 plus $1 per capita based on the town's population. In 1994, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1993 before nonpermanent reductions made under section 477A.0132 plus $2 per capita based on the town's population. In 1995 and subsequent years, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1994 before any nonpermanent reductions made under section 477A.0132.*

Sec. 12. Minnesota Statutes 1991 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~~ *1992*, a city will receive an amount equal to the local government aid it received under this section in the previous year, less any permanent reductions made under section 477A.0132.

In 1993, a city will receive an amount equal to 102 percent of the local government aid it received under this section in 1992 before any nonpermanent reductions made under section 477A.0132. In 1994 and subsequent years, a city will receive an amount equal to 103 percent of the local government aid it received under this section in 1993 before any nonpermanent reductions made under section 477A.0132.

For aids payable in 1990, 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, 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. For purposes of this subdivision, the term "local government aid" does not include equalization aid amounts under subdivision 5.

Sec. 13. Minnesota Statutes 1990, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December ~~15~~ *26* annually.

The commissioner may pay all or part of the payment due on December ~~15~~ *26* at any time after August 15 upon the request of a city that requests such payment as being necessary for meeting its cash flow needs.

Sec. 14. [1992 REGIONAL TRANSIT BOARD AID.]

Notwithstanding Minnesota Statutes, section 473.446, subdivision 1, paragraph (3), for aids relating to taxes payable in 1992, no aid shall be paid to the regional transit board for aid that was not used to reduce the levy extended against individual parcels as the result of an auditor's errors.

Sec. 15. [CITY OF ALDEN; LOCAL GOVERNMENT AID.]

For aid payments in 1993 and thereafter, local government aid to the city of Alden, Freeborn county, as determined under Minnesota Statutes, sections 477A.013 and 477A.0132, is increased by $838. These amounts reimburse the city for state aid decreases attributable to an error in the city's 1990 levy, payable in 1991.

If local government aid provisions are enacted in 1992 or thereafter which do not use the city's 1990 levy as a base year to determine local government aids, this section does not apply to those aids.

The commissioner of revenue shall pay the local government aid under this section from the amounts appropriated to the commissioner by law from the local government trust fund for payment of local government aid. For purposes of any proportional increases or decreases in local government

aid under Minnesota Statutes, section 16A.711, due to the amount of funds in the local government trust fund, payments under this section must be included in local government aid payable to the city of Alden.

Sec. 16. [LOCAL APPROVAL; EFFECTIVE DATE.]

Section 15 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Alden.

Sec. 17. [REPEALER.]

Minnesota Statutes 1991 Supplement, section 3.862; and Laws 1991, chapter 291, article 2, section 3, are repealed.

Sec. 18. [EFFECTIVE DATE.]

Sections 1, 3, 4, 7, and 17 are effective on July 1, 1992. Sections 2, 5, 6, 8, and 12 are effective on July 1, 1993.

ARTICLE 2

PROPERTY TAXES

Section 1. Minnesota Statutes 1990, section 103B.241, is amended to read:

103B.241 [~~LEVY~~ *LEVIES.*]

Subdivision 1. [WATERSHED PLANS.] A levy to pay the increased costs to a local government unit or watershed management organization of implementing sections 103B.231 and 103B.235 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. Notwithstanding any provision to the contrary in chapter 103D, a watershed district may levy a tax sufficient to pay the increased costs to the district of implementing sections 103B.231 and 103B.235. 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.~~

Subd. 2. [PRIORITY PROGRAMS; SOIL AND WATER CONSERVATION DISTRICTS.] *A county may levy amounts necessary to pay the reasonable increased costs to soil and water conservation districts of administering and implementing priority programs identified in an approved and adopted plan.*

Sec. 2. Minnesota Statutes 1990, section 103B.255, is amended by adding a subdivision to read:

Subd. 13. [PROPERTY TAX LEVIES.] *A metropolitan county may levy amounts necessary to administer and implement an approved and adopted groundwater plan. A county may levy amounts necessary to pay the reasonable increased costs to soil and water conservation districts and watershed management organizations of administering and implementing priority programs identified in the county's groundwater plan.*

Sec. 3. Minnesota Statutes 1990, section 103B.335, is amended to read:

103B.335 [TAX; EXEMPTION FROM PER CAPITA LEVY LIMIT.]

Subdivision 1. [LOCAL WATER PLANNING AND MANAGEMENT.] The governing body of any county, municipality, or township may levy a tax in an amount required to implement sections 103B.301 to 103B.355. The amount of the levy ~~up to 0.01813 percent of taxable market value~~ is exempt from the per capita levy limit under section 275.11.

Subd. 2. [PRIORITY PROGRAMS; CONSERVATION AND WATERSHED DISTRICTS.] *A county may levy amounts necessary to pay the reasonable increased costs to soil and water conservation districts and watershed districts of administering and implementing priority programs identified in an approved and adopted plan.*

Sec. 4. Minnesota Statutes 1991 Supplement, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

(1) all public burying grounds;

(2) all public schoolhouses;

(3) all public hospitals;

(4) all academies, colleges, and universities, and all seminaries of learning;

(5) all churches, church property, and houses of worship;

(6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d);

(7) all public property exclusively used for any public purpose;

(8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, *including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 274.19, subdivision 8, paragraph (f)*; and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter

for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the

department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to ~~parents and children who are receiving AFDC or parents of children who are temporarily in foster care~~ *individuals, couples, or families*. (ii) It has the purpose of reuniting families and enabling parents *or individuals* to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least ~~six~~ *three* months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) ~~It is sponsored by an organization that has received a grant under either section 256.7365 for the biennium ending June 30, 1989, or section 462A.07, subdivision 15, for the biennium ending June 30, 1991, for the purposes of providing the services in items (i) to (iv). (vi)~~ It is ~~sponsored~~ *owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated* by ~~an organization that is~~ *one or more organizations* exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source.

(22) Secondary containment areas used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, if required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in article 6, section 1, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

Sec. 5. Minnesota Statutes 1990, section 273.112, subdivision 1, is amended to read:

Subdivision 1. This section may be cited as the "Minnesota ~~open space~~ *recreational* property tax law."

Sec. 6. Minnesota Statutes 1990, section 273.112, subdivision 2, is amended to read:

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain private ~~outdoor~~ recreational, open space and park land property and has resulted in excessive taxes on some of these lands. Therefore, it is hereby declared that the public policy of this state would be best served by equalizing tax burdens upon private ~~outdoor~~, recreational, open space and park land within this state through appropriate taxing measures to encourage private development of these lands which would otherwise have to be provided by governmental authority.

Sec. 7. Minnesota Statutes 1990, 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 *or an establishment actively and exclusively devoted to indoor fitness, health, social, recreation, and related uses in which the establishment is owned and operated by a nonprofit corporation*;

(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. 8. Minnesota Statutes 1990, section 273.112, subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private ~~outdoor~~, recreational, open space and park land classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Sec. 9. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the

noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) ~~In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.~~

~~(d) If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification.~~ *Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead.* For purposes of this paragraph, "relative" means a parent, stepparent, child, stepchild, *spouse*, grandparent, *grandchild*, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. *Property that was classified as seasonal recreational residential property at the time of its acquisition does not qualify as a homestead under this paragraph for the first two assessment years beginning after the date of acquisition; this delay also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. The owner of the property may not claim a property tax refund under chapter 290A for a homestead occupied by a relative.*

~~(e) In the case of property owned and formerly occupied by two or more persons in joint tenancy or tenancy in common, when those persons are related to each other as parents and children or as stepparents and stepchildren, and when one or more of the owners ceases to occupy the property, the assessor shall continue to allow a full homestead classification as long as at least one of the owners continues to occupy the property for purposes of a homestead. This paragraph applies only to single family residential property.~~

Sec. 10. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) ~~the cooperative must meet one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 80 percent of area median income; (2)~~ a minimum of 40 percent of *the cooperative association's* members must have incomes at or less than 60 percent of area median *gross* income~~; or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income~~ *as defined in section 273.1318*. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership~~, and "median income" means the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development~~;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation

and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed; ~~and~~

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision.;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate writedowns relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from the following sources:

(i) federal community development block grants;

(ii) HOME block grants; or

(iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met; and

(k) in the case of property that is classified as nonhomestead residential property under section 273.13 at the time when the cooperative association

claims reclassification of the property as a leasehold cooperative, the governing body of the municipality in which the property is located must make a finding that the reclassification will not substantially impair the ability of the municipality or any agency of the municipality to meet its debt service obligations on any bonds or other debt outstanding at the time of the request for reclassification.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

Sec. 11. Minnesota Statutes 1991 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 $72,000 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. For taxes payable in 1992, the market value of class 1a property that exceeds $72,000 but does not exceed $115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds $115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds $72,000 has a class rate of two percent.

(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) 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

(4) any person who is permanently and totally disabled and 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 under clause (4) only if the government agency or income-providing source certifies, upon the request of the property owner, that the property owner satisfies the disability requirements of this subdivision.

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 .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~~ *250* 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 ~~.8 percent of the first $32,000 of market value and one percent of market value in excess of $32,000 for taxes payable in 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. 12. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 25, as amended by Laws 1992, chapter 363, article 1, section 12, subdivision 1, 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 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

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

(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 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is *(A)* used for housing for the elderly ~~or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency~~, *handicapped persons, or individuals meeting the requirements of section 273.1318, subdivision 1, paragraph (c), clause (2),* and *(B)* financed by a direct federal loan or federally insured loan made pursuant to Title II of the *National Housing* Act; or

(ii) situated on real property that is *(A)* used for housing the elderly ~~or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto~~, *handicapped persons, or individuals meeting the requirements of section 273.1318, subdivision 1, paragraph (c), clause (2),* and *(B)* financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

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 as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited 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 unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. 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. This clause applies only to the property of a nonprofit or limited dividend entity.

(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 317A;

(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 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used~~, or available for use~~ for residential occupancy, and a fee is charged for 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 250 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 also includes the remainder of class 1c resorts. *Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the second year preceding the year of assessment desiring classification as class 1c or 4c must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the second year preceding the year of assessment by December 15 of the year preceding the assessment. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first $100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the second year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c*;

(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, 1990. 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;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A 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 2.3 percent of market value, except that seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first $72,000 of market value has a class rate of two percent and the market value that exceeds $72,000 has a class rate of 2.5 percent, *and manufactured home parks assessed under clause (8) have a class rate of two percent.*

(d) Class 4d property includes:

(1) a structure that is:

(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~~, *handicapped persons, or individuals meeting the requirements of section 273.1318, subdivision 1, paragraph (c), clause (2)*;

(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~~ *to units meeting the requirements of section 273.1318* 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.

(2) For taxes payable in 1992, 1993 and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must

be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) ~~For taxes payable in 1992, 1993 and 1994, only, federally acquired buildings under four units and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047, the purpose of the lease must be to allow the nonprofit corporation to provide transitional housing for homeless persons under the program established in Code of Federal Regulations, title 55, section 49489. As used in this clause, "transitional housing" has the meaning given in section 268.38, subdivision 1, except that the two-year restriction does not apply. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for this classification. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the county assessor to determine qualification under this clause. Property qualifying under this clause in 1992, 1993, or 1994 continues to receive a two percent class rate until the five-year lease has expired provided that the property continues to be used for the purposes as described in this clause.~~ *Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.*

Class 4d property has a class rate of two percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); 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 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 13. [273.1318] [CLASS 4C LOW-INCOME HOUSING; ELIGIBLE UNITS.]

Subdivision 1. [DEFINITIONS.] *(a) "Area median gross income" means area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(P) of the Internal Revenue Code.*

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.

(c) "Low-income units" means units that (1) are rent restricted as defined in section 42(g)(2) of the Internal Revenue Code; (2) occupied by individuals whose income is 80 percent or less of area median gross income; and (3) meet the requirements of section 42(i)(3)(B), (C), and (D), of the Internal Revenue Code.

(d) "Rent restricted" means rent restricted units as defined and limited by section 42(g)(2) of the Internal Revenue Code.

Subd. 2. [ANNUAL DETERMINATION.] *A governmental agency providing financing or mortgage insurance for a building qualifying for class 4c or 4d or other entity must annually review income records maintained by the owner of the property to determine the units that qualify for a class 4c or 4d rate under this section. If the entity is not a governmental agency, the entity must be approved by the department of revenue. The agency or other entity shall report to the assessor responsible for assessing the property at the time and in the manner required by the assessor. The income records must be made available to the assessor. The assessor shall determine the units that qualify for a class 4c or 4d rate.*

Sec. 14. Minnesota Statutes 1990, section 274.19, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.] (a) In this section, "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air conditioning, and electrical systems in it. "Manufactured home" includes any accessory structure that is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home that meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification applies, and the valuation is subject to review and the taxes payable in the manner provided for real property:

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured home building code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code

contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that has been in whole or substantial part manufactured or constructed at an off-site location to be wholly or partially assembled on-site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules under the administrative procedure act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

Sec. 15. Minnesota Statutes 1991 Supplement, section 277.17, is amended to read:

277.17 [ESCROW ACCOUNT FOR DELINQUENCIES ON MANUFACTURED HOMES.]

Subdivision 1. [CERTIFICATION TO MANUFACTURED HOME OWNER.] On or before October 15 of each year, the county auditor shall send a letter to each owner of a manufactured home for which the personal property taxes due on August 31 are delinquent as of September 30. On or before December 31 of each year, the county auditor shall send a letter to each owner of a manufactured home for which the taxes due on August 31 were not delinquent but the personal property taxes due on November 15 are delinquent as of December 15. The letter must inform the owner that due to the delinquency, the owner ~~will~~ *may* be required under state law to begin making monthly payments of delinquent property taxes, and ~~that~~ the property taxes will also be escrowed for payment of property taxes the following year. The form and content of the notice to the owner shall be specified by the commissioner of revenue.

Subd. 2. [ESTABLISHMENT OF TAX ESCROW ACCOUNTS.] The county auditor ~~must~~ *may* establish a tax escrow account for delinquent property taxes for ~~each~~ *an* owner ~~receiving a letter~~ *who receives a notice* under subdivision 1. *If an escrow account is established for* an owner who receives a notice regarding taxes due August 31, *the owner* must pay an additional amount each month equal to ten percent of the delinquent personal property taxes, penalties, and interest due, plus ten percent of the tax payable

in the following calendar year. If the owner fails to pay the tax due on November 15, the additional amount of tax due but unpaid will be added to the delinquent property taxes payable by installment under this section. *If an escrow account is established for* an owner who receives a notice regarding taxes due November 15, *the owner* must pay an additional amount each month equal to 15 percent of the delinquent taxes, penalties, and interest due, plus 12 percent of the tax payable in the following calendar year.

Subd. 3. [COUNTY ESCROW.] Within 30 days of receipt of a ~~letter~~ *notice* from the county auditor under subdivision ~~1~~ *2*, the owner must make the first monthly payment under subdivision 2 to the county auditor. The commissioner of revenue shall prescribe the procedures to be used for monthly collections of the delinquent and current tax payments. If an owner is making the payments at the time required under this section, no action may be taken under section 277.20 with respect to the manufactured home for which the property taxes are being paid into the escrow account.

Sec. 16. Minnesota Statutes 1991 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~~ *and* 1994, and (2) 90 percent of the amount of the increase over ten percent plus $250 for taxes payable in 1990 and 1991, *and* 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 gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

In the case of increases in property taxes payable in 1993 and thereafter, the refund allowed under this subdivision for claimants with household incomes in excess of $60,000 shall be reduced as follows:

Household Income	*Reduction:*
$60,001 to $65,000	*5 percent*
65,001 to 70,000	*10 percent*
70,001 to 80,000	*20 percent*
80,001 to 90,000	*30 percent*
90,001 to 100,000	*40 percent*
100,001 to 110,000	*50 percent*
110,001 to 120,000	*60 percent*
120,001 to 130,000	*70 percent*
130,001 to 140,000	*80 percent*
140,001 to 150,000	*90 percent*

over $150,000	*100 percent*

(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; 273.135; 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 for taxes payable in 1991, 1993, or 1994 exceed the following amounts for the taxes payable year designated, the commissioner shall 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	$13,000,000
1993	$ ~~6,000,000~~ *$4,500,000*
1994	$ ~~5,500,000~~ *$4,000,000*

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 17. Minnesota Statutes 1991 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of the property, 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 county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification of the property. 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. If the application is for abatement of penalty or interest, the application must be approved by the county treasurer and county auditor. 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.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 18. Minnesota Statutes 1990, section 381.12, subdivision 2, is amended to read:

Subd. 2. [EXPENSE, TAX LEVY.] ~~For the purpose of defraying the expense incurred, or to be incurred in the preservation and restoration of monuments under this section.~~ The county board of any county may levy a tax upon all the taxable property in the county *for the purpose of defraying the expense incurred, or to be incurred for:*

(1) the preservation and restoration of monuments under this section;

(2) the preservation or establishment of control monuments for mapping activities;

(3) the modernization of county land records through the use of parcel-based land management systems; or

(4) the establishment of geographic (GIS), land (LIS), management (MIS) information systems.

Sec. 19. Minnesota Statutes 1990, section 473.711, subdivision 2, is amended to read:

Subd. 2. The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding the property tax levy limitation determined in this subdivision. The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted

by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control except under sections 473.701 to 473.716. The levy shall be in addition to other taxes authorized by law and shall be disregarded in the calculation of limits on taxes imposed by chapter 275.

The property tax levied by the metropolitan mosquito control commission shall not exceed ~~the following amount for the years specified:~~

~~(a) for taxes payable in 1988: the product of six-tenths on one mill multiplied by the total assessed valuation of all taxable property located within the district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;~~

~~(b) for taxes payable in 1989, the product of (1) the commission's property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the district divided by the assessment year 1987 total market valuation of all taxable property located within the district; and~~

~~(c) for taxes payable in 1990 and subsequent years, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year.~~

~~For the purpose of determining the commission's property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425)~~ *.00455 of tax capacity for property taxes payable in 1993 and subsequent years.*

Sec. 20. Minnesota Statutes 1990, section 473.714, is amended to read:

473.714 [COMPENSATION OF COMMISSIONERS.]

Subdivision 1. [COMPENSATION.] *Except as provided in subdivision 2,* each commissioner, including the officers of the commission shall be reimbursed for actual and necessary expenses incurred in the performance of duties. The chair shall be paid a per diem for attending meetings, monthly, executive, and special, and each commissioner shall be paid a per diem for attending meetings, monthly, executive, and special, which per diem shall be established by the commission~~, such expense reimbursement and per diem notwithstanding any other funds which such commissioners may receive from any other public body~~. *A commissioner who receives a per diem from the commissioner's county shall not be paid a per diem for the same day by the commission for attending meetings of the commission.* The annual budget of the commission shall provide as a separate account anticipated expenditures for per diem, travel and associated expenses for the chair and members, and compensation or reimbursement shall be made to the chair or

members only when budgeted.

Subd. 2. [CERTAIN COMMISSIONERS.] *A commissioner whose annual public salary is $25,000 or more shall only be reimbursed for expenses related to travel.*

Sec. 21. Minnesota Statutes 1990, section 488A.20, subdivision 4, is amended to read:

Subd. 4. [DISPOSITION OF FINES, FEES AND OTHER MONEYS; ACCOUNTS.] (a) Except as otherwise provided herein and except as otherwise provided by law, the administrator shall pay to the Ramsey county treasurer all fines and penalties collected by the administrator, all fees collected for administrator's services, all sums forfeited to the court as hereinafter provided, and all other moneys received by the administrator.

(b) The administrator of court shall for each fine or penalty, provide the county treasurer with the name of the municipality or other subdivision of government where the offense was committed and the total amount of the fines or penalties collected for each such municipality or other subdivision of government.

(c) The state of Minnesota and any governmental subdivision within the jurisdictional area of the municipal court herein established may present cases for hearing before said municipal court. In the event the court takes jurisdiction of a prosecution for the violation of a statute or ordinance by the state or a governmental subdivision other than a city or town in Ramsey county, all fines, penalties and forfeitures collected shall be paid over to the county treasurer except where a different disposition is provided by law, and the following fees shall be taxed to the state or governmental subdivision other than a city or town within Ramsey county which would be entitled to payment of the fines, forfeitures or penalties in any case, and shall be paid to the administrator of the court for disposing of the matter. The administrator shall deduct the fees from any fine collected for the state of Minnesota or a governmental subdivision other than a city or town within Ramsey County and transmit the balance in accordance with the law, and the deduction of the total of the fees each month from the total of all the fines collected is hereby expressly made an appropriation of funds for payment of the fees:

(1) In all cases where the defendant is brought into court and pleads guilty and is sentenced, or the matter is otherwise disposed of without a trial $5

(2) In arraignments where the defendant waives a preliminary examination $10

(3) In all other cases where the defendant stands trial or has a preliminary examination by the court $15

(4) The court shall have the authority to waive the collection of fees in any particular case.

(d) At the beginning of the first day of any month, the amount in the hands of the administrator which is owing to any municipality or county shall not exceed $5,000.

(e) On or before the last day of each month, the county treasurer shall pay over to the *treasurer of the city of St. Paul two-thirds and to the* treasurer of

each *other* municipality or subdivision of government in Ramsey county one-half of all fines or penalties collected during the previous month from those imposed for offenses committed within ~~such~~ *the treasurer's* municipality or subdivision of government in violation of a statute, an ordinance, charter provision, rule or regulation of a city. All other fines and forfeitures and all fees and costs collected by the county municipal court shall be paid to the treasurer of Ramsey county who shall dispense the same as provided by law.

(f) Amounts represented by checks issued by the administrator or received by the administrator which have not cleared by the end of the month may be shown on the monthly account as having been paid or received, subject to adjustment on later monthly accounts.

(g) The administrator may receive negotiable instruments in payment of fines, penalties, fees, or other obligations as conditional payments, and is not held accountable therefor but if collection in cash is made and then only to the extent of the net collection after deduction of the necessary expense of collection.

Sec. 22. [ADJUSTMENTS TO LEVY LIMITS.]

If the repeal of Minnesota Statutes, sections 275.50 to 275.58, is delayed or is reenacted by a law enacted in the 1992 legislative session, the commissioner of revenue shall adjust the payable 1993 levy limitations for the city of St. Paul and Ramsey county. The commissioner shall decrease St. Paul's levy limitation by an amount equal to the estimated increase in revenue which the city will be receiving in calendar year 1993 based upon the change in the distribution of fines or penalties under Minnesota Statutes, section 488A.20, subdivision 4. The commissioner shall increase Ramsey county's levy limitation by an amount equal to the estimated loss in revenue to Ramsey county in calendar year 1993 resulting from the change in distribution of fines or penalties under section 488A.20, subdivision 4. For purposes of the levy limit adjustments made under this section, collections estimated in Ramsey county's 1992 adopted budget will be used to determine the revenue loss to the county and the revenue gain to the city. This adjustment will be a permanent levy limit base adjustment for taxes payable in 1994 and subsequent years. The amounts shall be certified to the commissioner of revenue by the Ramsey county court administrator on or before June 1, 1992.

Sec. 23. [REPAYMENT.]

The city of St. Paul shall repay to Ramsey county an amount equal to the difference between the payments it receives under section 21 from July 1, 1992, to December 31, 1992. That amount, plus interest, must be paid over 12 equal monthly installments beginning January 31, 1993. Interest will be accrued at the average rate of return for Ramsey county's portfolio of general investments as determined by the manager of the revenue division of the Ramsey county department of taxation and records administration, using the county's normal method of calculating investment earnings on monthly balances.

Sec. 24. [HOMESTEAD MAINTAINED AFTER SEPARATION OR DIVORCE.]

The principal residence of a qualified individual as defined in this subdivision must be classified as a homestead. As used in this subdivision, a qualified individual is a person who:

(1) has occupied a property as the person's principal residence for a period

of 20 years or longer while married to the owner of the property who claimed it as a homestead;

(2) has not claimed any other residence as a homestead during the period of occupancy of the property described in clause (1); and

(3) provides evidence to the assessor of intent and actions taken to acquire ownership of the property.

Sec. 25. [WATERSHED DISTRICT LEVIES.]

(a) The Nine Mile Creek watershed district, the Riley-Purgatory Bluff Creek watershed district, the Minnehaha Creek watershed district, the Coon Creek watershed district, and the Lower Minnesota River watershed district may levy in 1992 and thereafter a tax not to exceed $200,000 on property within the district for the administrative fund. The administrative fund shall be used for the purposes contained in Minnesota Statutes, section 103D.905, subdivision 3. The board of managers shall make the levy for the administrative fund in accordance with Minnesota Statutes, section 103D.915.

(b) The Wild Rice watershed district may levy, for taxes payable in 1993, 1994, 1995, 1996, and 1997, an ad valorem tax not to exceed $200,000 on property within the district for the administrative fund. The additional $75,000 above the amount authorized in Minnesota Statutes, section 103D.905, subdivision 3, must be used for costs incurred in connection with cost-sharing projects with the United States Army Corps of Engineers. The board of managers shall make the levy for the administrative fund in accordance with Minnesota Statutes, section 103D.915.

Sec. 26. [CITY OF OTSEGO; EXCESS LEVY PENALTY ABATEMENT.]

The excess levy amount of $63,707, levied in 1990, for taxes payable in 1991, by the city of Otsego, Wright county, is exempt from the penalties imposed under Minnesota Statutes, sections 275.51, subdivision 4, and 275.55.

This section is effective the day after approval by the Otsego city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 27. [KANABEC COUNTY; HISTORICAL SOCIETY LEVY.]

Subdivision 1. [LEVY AUTHORIZED.] *Kanabec county may levy up to $50,000 each year on property in the county and use the proceeds of the levy for the county historical society. This amount is a special levy and is not subject to any general levy limitations in Minnesota Statutes.*

Subd. 2. [REFERENDUM.] *If the governing body of Kanabec county intends to exercise the authority provided by this section, it shall conduct a referendum on the issue. The question of levying the tax must be submitted to the voters. The tax may not be levied unless a majority of votes cast on the question of imposing the levy 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 general election. If the referendum passes, the authority of the county board to levy this tax shall expire at the end of the fourth tax year following the referendum, and the question of whether to reauthorize the levy shall be resubmitted to the voters every fourth year.*

Sec. 28. [TAX INCREMENT; FISCAL DISPARITIES.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Richfield may change its election of a method for computing tax increment for the tax increment financing district certified on December 5, 1985, and known as the Interstate, Lyndale, Nicollet District. The governing body may change its election from the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a), or the alternative method described in section 29.

Sec. 29. [ALTERNATIVE CALCULATION METHOD.]

Pursuant to the election authorized in section 28, the governing body of the city of Richfield may elect the following method of computation:

(1) The original net tax capacity must be determined before the application of the fiscal disparity provisions of Minnesota Statutes, chapter 473F. The current net tax capacity must exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by a ratio that is less than the fiscal disparity ratio determined pursuant to Minnesota Statutes, section 473F.08, subdivision 6. The ratio, which must be a percentage of the fiscal disparity ratio, must be determined by the governing body and must remain in effect during the term of the district. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax capacity rates. The tax capacity rates so determined must be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (i) the local taxing district tax capacity rates or (ii) the original tax capacity rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

Sec. 30. [HENNEPIN COUNTY; PROPERTY TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] *Notwithstanding the time requirements of Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), for taxes levied in 1991, payable in 1992, the governing body of Hennepin county may grant a property tax exemption for property that (1) meets the requirements of exempt property under Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), except for the August 1 date; (2) was an athletic facility classified as class 3 commercial and industrial property on January 2, 1991; and (3) was acquired during 1991 by a church.*

Subd. 2. [LOCAL APPROVAL.] *Subdivision 1 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Hennepin county.*

Sec. 31. [INSTRUCTION TO REVISOR.]

If the repeal of Minnesota Statutes, section 275.50, subdivision 5a, is delayed or the subdivision is reenacted by a law enacted in 1992, in the next edition of Minnesota Statutes, the revisor of statutes shall codify the special levy under section 27 in Minnesota Statutes, section 275.50, subdivision 5a.

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1991 Supplement, section 47.209, is repealed.

(b) Minnesota Statutes 1991 Supplement, section 273.124, subdivision 15, is repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 1 to 9, 11 to 14, 18, 25, and 32, paragraph (b), are effective for taxes levied in 1992, payable in 1993, and thereafter provided that the exemption for photovoltaic devices in section 4, clause (23), is effective only for taxes payable in 1993 through 1997.

Section 10 is effective the day following final enactment, and applies to property taxes payable in 1993 and thereafter by property for which leasehold cooperative status had been claimed before or after the effective date.

Section 17 is effective for abatements granted in 1992 and thereafter.

Section 21 is effective for collections made July 1, 1992, and thereafter.

Section 24 is effective for taxes payable in 1991, 1992, and 1993 only.

Section 32, paragraph (a), is effective the day following final enactment.

ARTICLE 3

PROPOSED AND FINAL TAX NOTICES

Section 1. Minnesota Statutes 1991 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~~ *September* 1, ~~1989, and October 1 thereafter~~ of the year preceding the distribution year to the county auditor of the affected local government. The aids provided in subdivisions 2, 2b, 3, and 5 must be paid to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions, except that the first one-half payment of disparity reduction aid provided in subdivision 3 must be paid on or before August 31. 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.

Sec. 2. Minnesota Statutes 1991 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~~ *15*, 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~~ *15*, 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, 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 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are special taxing districts for purposes of this section.

Sec. 3. Minnesota Statutes 1990, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. [OVERLAPPING JURISDICTIONS.] In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy *and the proposed local tax rate* to the other county auditor by September 20 ~~for taxes levied in 1990, and thereafter, and the proposed local tax rate by September 5 for taxes levied in 1991, and thereafter, for counties containing a city of the first class~~. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

Sec. 4. Minnesota Statutes 1991 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~~ *after* November 10 *and on or before November 24* 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 current budget and 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.

(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, and for school districts, the increase or decrease in the number of pupils in average daily membership from the current school year to the immediately following 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 notices which are not parcel-specific, the notice must also state a total percentage increase or decrease in the proposed levy, relative to the actual property tax levy for taxes payable in the current year for the county, city or town, and school district. The county auditor shall compute the total percentage increase or decrease as an average percentage change weighted in proportion to each taxing jurisdiction's proportion of the total levy.~~

~~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. *The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values*;

(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. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; 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)~~ *(e)* 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;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

~~(g)~~ *(f)* Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

~~(h)~~ *(g)* In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November ~~13~~ *27* or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 5. Minnesota Statutes 1990, section 275.065, subdivision 4, is amended to read:

Subd. 4. [COSTS.] If the reasonable cost of the county auditor's services and the cost of preparing and mailing the notice required in this section exceed the amount distributed to the county by the commissioner of revenue to administer this section, the taxing authority must reimburse the county for the excess cost. The excess cost must be apportioned between taxing jurisdictions as follows:

(1) one-third is allocated to the county;

(2) one-third is allocated to cities and towns within the county; and

(3) one-third is allocated to school districts within the county.

The amounts in clause (2) must be further apportioned among the cities and towns in the proportion that the ~~population~~ *number* of *parcels in* the city and town bears to the ~~population~~ *number* of *parcels in* all the cities and towns within the county. The amount in clause (3) must be further apportioned among the school districts in the proportion that the number of ~~pupils~~ *parcels* in the school district bears to the number of ~~pupils~~ *parcels* in all school districts within the county.

Sec. 6. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, 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, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

For a city that has a population of more than 1,000 but less than 2,500 the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper~~, and~~. The ~~headlines~~ *first headline* in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, *and the second headline must be in a type no smaller than 12-point*. The text of the advertisement must be no smaller than ~~12-point~~ *10-point*, except that the property tax amounts and percentages may be in ~~10-point~~ *9-point* type.

For a city that has a population of 2,500 or more, a county or a school district, ~~the advertisement must be at least one-quarter page in size of a standard-size or a tabloid-size newspaper, and~~ the ~~headlines~~ *first headline* in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point, *and*

the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than ~~22-point~~ *14-point*, except that the property tax amounts and percentages may be in ~~14-point~~ *12-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 may include references to the current budget in regard to proposed property taxes.

"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, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. 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).~~"

(c) A city with a population of 1,000 or less must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 116K.04, subdivision 4.

Sec. 7. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November ~~15~~ *29* 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 review its current budget and 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 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 124.82, subdivision 3, 124A.03, subdivision 2, or 124B.03, subdivision 2, 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;

(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;

(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; and

(7) if not included in the certified levy, any additional amount levied pursuant to section 275.51, subdivision 7, paragraph (b).

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 of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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 governing body of a county shall hold its hearing on the first Tuesday in December each year.* The county auditor shall provide for the coordination of hearing dates for all ~~taxing authorities~~ *cities and school districts* 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 *the county hearing dates or with* those elected by or assigned to the ~~counties and~~ school districts in which the city is located.

The *county* hearing dates ~~so elected or assigned~~ *and the city and school district hearing dates* must be designated on the notices required under subdivision 3. *The continuation dates need not be stated on the notices.*

This subdivision does not apply to towns and special taxing districts.

Sec. 8. Minnesota Statutes 1990, section 275.125, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF LEVY LIMITATIONS.] By ~~August 15~~ *September 1*, 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 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 two calendar years.

Sec. 9. [REPEALER.]

Minnesota Statutes 1990, section 275.065, subdivision 1b, is repealed.

Sec. 10. [EFFECTIVE DATE.]

Sections 2 to 7 and 9 are effective for taxes levied in 1992, payable in 1993, and thereafter. Sections 1 and 8 are effective for aids paid in 1993 and thereafter.

ARTICLE 4

PROPERTY TAXES: ADMINISTRATIVE AND TECHNICAL

Section 1. Minnesota Statutes 1991 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner ~~of revenue~~ shall establish the general education tax rate ~~and certify it to the commissioner of education~~ by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises $916,000,000 for fiscal year 1993 and $961,800,000 for fiscal year 1994 and later fiscal years. The general education tax rate ~~certified by the commissioner of revenue~~ may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been ~~certified~~ *established*.

Sec. 2. Minnesota Statutes 1990, section 270.075, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall determine the rate of tax to be levied and collected against the net tax capacity as determined pursuant to section 270.074, subdivision 2, to generate revenues ~~of $7,500,000 from taxes levied in assessment year 1987 and payable in 1988 and revenues of $7,900,000 from taxes levied in 1988 and payable in 1989. Thereafter the legislature shall annually establish the amount of revenue to be generated from a tax on~~ *sufficient to fund the* airflight property *tax portion of each year's state airport fund appropriation, as certified to the commissioner by the commissioner of transportation. The property tax portion of the state airport fund appropriation is the difference between the total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable. If a levy amount has not been certified by September 1 of a levy year, the commissioner shall use the last previous certified amount to determine the rate of tax.*

Sec. 3. Minnesota Statutes 1990, section 273.1104, subdivision 1, is amended to read:

Subdivision 1. The term value as applied to iron ore in sections 273.165, subdivision 2, and 273.13, subdivision 31, shall be deemed to be ~~three times~~ the present value of future income *or the minimum value as established by the commissioner* notwithstanding the provisions of section 273.11. The present value of future income shall be determined by the commissioner of revenue in accordance with professionally recognized mineral valuation practice and procedure. Nothing contained herein shall be construed as requiring any change in the method of determining present value of iron ore utilized by the commissioner prior to the enactment hereof or as limiting any remedy presently available to the taxpayer in connection with the commissioner's determination of present value, or precluding the commissioner from making subsequent changes in the present worth formula.

Sec. 4. Minnesota Statutes 1991 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 $72,000 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. For taxes payable in 1992, the market value of class

1a property that exceeds $72,000 but does not exceed $115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds $115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds $72,000 has a class rate of two percent.

(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) 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

(4) any person who is permanently and totally disabled and 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 under clause (4) only if the government agency or income-providing source certifies, upon the request of the property owner, that the property owner satisfies the disability requirements of this subdivision.

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 .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~~ *250* 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 .8 percent of the first $32,000 of market value and one percent of market value in excess of $32,000 for taxes payable in 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. 5. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 25, as amended by Laws 1992, chapter 363, article 1, section 12, subdivision 1, 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 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

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

(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 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, *as amended*, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

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 as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited 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 unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. 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. This clause applies only to the property of a nonprofit or limited dividend entity.

(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 317A;

(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 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used, or available for use for residential occupancy, and a fee is charged for 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 250 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 also includes the remainder of class 1c resorts;

(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, 1990. 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;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A 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 2.3 percent of market value, except that *each parcel of* seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first $72,000 of market value *on each parcel* has a class rate of two percent and the market value *of each parcel* that exceeds $72,000 has a class rate of 2.5 percent.

(d) Class 4d property includes:

(1) a structure that is:

(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.

(2) For taxes payable in 1992, 1993 and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of

existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) For taxes payable in 1992, 1993 and 1994, only, federally acquired buildings under four units and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047; the purpose of the lease must be to allow the nonprofit corporation to provide transitional housing for homeless persons under the program established in ~~Code of Federal Regulations, title 55, section~~ *55 Federal Register* 49489. As used in this clause, "transitional housing" has the meaning given in section 268.38, subdivision 1, except that the two-year restriction does not apply. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for this classification. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the county assessor to determine qualification under this clause. Property qualifying under this clause in 1992, 1993, or 1994 continues to receive a two percent class rate until the five-year lease has expired provided that the property continues to be used for the purposes as described in this clause.

Class 4d property has a class rate of two percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); 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 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 6. Minnesota Statutes 1990, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than $10.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section

273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than $10.

(c) The maximum reduction of the tax is $225.40 on property described in clause (a) and $200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by $15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first ~~$68,000~~ *$72,000* of the market value of residential homesteads, "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after the application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 7. Minnesota Statutes 1990, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than $10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the tax, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate

to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than $10.

(c) The maximum reduction of the tax is $200.10 for taxes payable in 1985. This maximum amount shall increase by $15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first ~~$68,000~~ *$72,000* of the market value of residential homesteads, and "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 8. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity is annually appropriated from the general fund to the commissioner of ~~revenue~~ *education*.

Sec. 9. Minnesota Statutes 1991 Supplement, section 273.1399, is amended to read:

273.1399 [REDUCTION IN STATE TAX INCREMENT FINANCING AID.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Qualifying captured *net* tax capacity" means the following amounts:

(1) the captured *net* tax capacity of a new or the expanded part of an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990;

(2) the captured *net* tax capacity of a qualified manufacturing district, 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~~ *assessment year* of the original *net* tax capacity~~)~~. In no case may the final amounts be less than zero or greater than the total captured *net* tax capacity of the district:

Number of Years	Percentage
1	0
2	20
3	40
4	60
5	80
6 or more	100;

(3) the captured *net* tax capacity of a new or the expanded part of an

existing 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~~ *assessment year* of the original *net* tax capacity~~)~~. In no case may the final amounts be less than zero or greater than the total captured *net* 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 *net* tax capacity resulting from the reduction in the subdistrict's or site's original *net* tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (4), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that (1) has a population under 10,000 according to the last federal census and (2) is wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget.

Subd. 2. [REPORTING.] The county auditor shall calculate the qualifying captured *net* 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 *net* 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 *net* tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating equalized levies as defined in section 273.1398, subdivision 2a, and associated 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 *net* 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) 75 percent of the excess, if any, of the amount determined under subdivision 3, over

(2).05 times the municipality's *net* 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 *net* tax capacity must be included in adjusted *net* tax capacity for purposes of computing the local government aid of the municipality that approved the tax increment financing district.

Sec. 10. Minnesota Statutes 1990, section 274.20, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) ~~The term "total gross taxes" means the total gross taxes levied on manufactured homes assessed pursuant to section 274.19 in a unique taxing jurisdiction as defined in section 273.1398 before reduction by any credits for taxes in 1989. For aid payable in 1991 and subsequent years total gross taxes for 1989 shall be multiplied by the cost of living adjustment factor as defined in section 273.1398.~~

~~(b) "Local tax rate" means the total local tax rate for taxes payable in 1989 within a unique taxing jurisdiction.~~

~~(c) "Total net tax capacity" means the net tax capacities as defined in section 273.1398 of all manufactured homes assessed pursuant to section 274.19 except the market value used shall be for the assessment one year prior to that in which aid is payable.~~

~~(d) "Subtraction factor" means the product of (i) a unique taxing jurisdiction's local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.~~ *"Current local tax rate" has the meaning given in section 273.1398, subdivision 1.*

(b) "Growth adjustment factor" means the growth adjustment factor used in the calculation of homestead and agricultural credit aid for the year preceding that in which the manufactured home homestead and agricultural credit aid is payable.

(c) "Net tax capacity" means the product of (1) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 3.5 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent, and (2) estimated market values of manufactured homes assessed under section 274.19 for the assessment one year prior to that in which the aid is payable.

"Total net tax capacity" means the net tax capacities for all manufactured homes within the taxing district assessed under section 274.19. Net tax capacity cannot be less than zero.

(d) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the taxing district's current local tax rate. The net tax capacity adjustment 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 of manufactured homes assessed under section 274.19 for the assessment one year prior to that in which the aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all manufactured homes within the taxing district assessed under section 274.19. Previous net tax capacity cannot be less that zero.

(f) "Unique taxing jurisdiction" has the meaning given in section 273.1398, subdivision 1.

Sec. 11. Minnesota Statutes 1990, section 274.20, subdivision 2, is amended to read:

Subd. 2. [MANUFACTURED HOME HOMESTEAD AND AGRICULTURAL CREDIT AID.] *For each calendar year, the* manufactured home homestead and agricultural credit aid for each unique taxing jurisdiction equals ~~total gross taxes minus~~ the unique taxing jurisdiction's ~~subtraction factor~~ *certified manufactured home homestead and agricultural credit aid determined under this subdivision for the preceding aid payable year times the growth adjustment factor for the jurisdiction plus the net tax capacity adjustment for the jurisdiction.* The aid shall be allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bear to the total gross taxes.

Sec. 12. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. The commissioner of ~~revenue~~ *education* shall establish the basic transportation tax rate and certify it to the commissioner of ~~education~~ *revenue* by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises $64,300,000 for fiscal year 1993 and $68,000,000 for fiscal year 1994 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of ~~revenue~~ *education* must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 13. Minnesota Statutes 1991 Supplement, section 277.01, subdivision 1, is amended to read:

Subdivision 1. [DUE DATES; PENALTY.] Except as provided in this subdivision and subdivision 3, all unpaid personal property taxes shall be deemed delinquent on May 16 next after they become due or 21 days after

the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or 273.19, the first half shall become delinquent if not paid before May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, ~~and thereupon a penalty of eight percent shall attach on the unpaid first half;~~ and the second half shall become delinquent if not paid before October 16~~, and thereupon a penalty of eight percent shall attach on the unpaid second half~~; *penalties for unpaid tax on such property are imposed under section 279.01, subdivision 1*. This section shall not apply to property taxed under section 274.19, subdivision 8, paragraph (c).

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

Sec. 14. Minnesota Statutes 1991 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. ~~In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable.~~ The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 15. Minnesota Statutes 1990, section 278.02, is amended to read:

278.02 [PETITION MAY INCLUDE SEVERAL PARCELS.]

Such petition need not be in any particular form, but shall clearly identify the land involved, *the assessment date*, and shall set forth in concise language the claim, defense, or objection asserted. *No petition shall include more than one assessment date.* Several parcels of land in or upon which the petitioner has an estate, right, title, interest, or lien may be included in the same petition, but only if they are in the same city or town, except that contiguous property overlapping city or town boundaries may be included in one petition.

Sec. 16. Minnesota Statutes 1991 Supplement, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] (a) Except as provided in paragraph (b) ~~or (c)~~, interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be payable at the per annum rate determined in section 270.75, subdivision 5. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270.75, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.

(b) ~~If a person is the owner of one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.~~

~~(c)~~ If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.

Sec. 17. Minnesota Statutes 1990, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as hereinafter provided. Taxes upon property which, for the previous year's assessment, was classified as ~~vacant land,~~ mineral property, employment property, or commercial or industrial property shall ~~not~~ *only* be eligible to be composed into any confession of judgment pursuant to this section ~~except~~ as provided in subdivision 1a. *Delinquent taxes on vacant land are not eligible to be*

composed into a confession of judgment under this section regardless of the property's classification under section 273.13. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

Sec. 18. Minnesota Statutes 1991 Supplement, 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 22, paragraph (c), ~~23, paragraph (c),~~ or 25, paragraph (c), clause (5), for which 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 three years from the date of sale. The period of redemption for 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, except that the period of redemption for nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (b), shall be two years from the date of sale if at that time that property is owned by a person who owns one or more parcels of property on which taxes are delinquent, and ~~(1) the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located. or (2)~~ the delinquent taxes are more than 25 percent of the prior year's school district levy.

Sec. 19. Minnesota Statutes 1990, section 281.23, subdivision 8, is amended to read:

Subd. 8. [COST.] The cost of giving notice, as provided by subdivisions 2, 3, 5, and 6, shall be paid by the county. *The county may recover costs incurred for posting, publishing, mailing, and serving the notice from the owner of the parcel that is the subject of the notice.*

Sec. 20. Minnesota Statutes 1990, section 282.09, subdivision 1, is amended to read:

Subdivision 1. [MONEY PLACED IN FUND.] The county auditor and county treasurer shall place all money received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund and all disbursements and costs shall be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as fixed by law.

Compensation of a land commissioner and assistants, if a land commissioner is appointed, shall be in the amount determined by the county board. The county auditor shall receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed, additional annual compensation, not exceeding $300, as fixed by the county board. Compensation of any other clerical help that may be needed by the county auditor or land commissioner shall be in the amount determined by the county board. All compensation provided for herein shall be in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 shall be included in the annual settlement by the county auditor as hereinafter provided. On or before February 1 each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof. *On or before March 1 each year, each county shall remit to the commissioner of revenue, from the forfeited tax sale fund, the aggregate amount of the fees imposed by section 282.014 in the preceding calendar year. The commissioner of revenue shall deposit the amounts received in the state treasury to the credit of the general fund.* When disbursements are made from the fund for repairs, refunds, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such disbursements shall be charged to the account of the taxing districts interested in such parcels. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, on the settlement day determined in section 276.09, for the preceding calendar year.

Sec. 21. Minnesota Statutes 1990, section 282.36, is amended to read:

282.36 [FEES PAYABLE ~~TO~~ *BY* REPURCHASER.]

Any person repurchasing land after forfeiture to the state for nonpayment of taxes under the provisions of a repurchase law shall at the time the certificate of repurchase is issued and recorded by the county auditor or before receiving quitclaim deed pursuant thereto, pay to the county treasurer a fee ~~of $3~~ *in an amount equal to the fee provided in section 282.014*. Fees so collected during any calendar year shall be credited to a special fund and, upon a warrant issued by the county auditor on or before March 1 of the year following, shall be remitted to the ~~state treasurer~~ *commissioner of revenue* and credited to the general fund. The commissioner of revenue shall, on or before February 1 in each year, certify to the ~~state treasurer~~ *commissioner of finance* the number of deeds issued during the preceding calendar year to which these fees apply, showing by counties the number of deeds so issued and the total fees due therefor. This section shall not apply to repurchases made under any law enacted prior to January 1, 1945.

Sec. 22. Minnesota Statutes 1991 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of ~~the~~ *any* property, 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 county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification~~

~~of the property.~~ 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~~ *All applications* 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. ~~If~~, *except that* the *part of the* application *which* is for *the* abatement of penalty or interest, ~~the application~~ must be approved by the county treasurer and county auditor. *Approval by the county or city assessor is not required for abatements of penalty or interest.* 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. 23. Minnesota Statutes 1991 Supplement, section 423A.02, subdivision 1a, is amended to read:

Subd. 1a. [SUPPLEMENTARY AMORTIZATION STATE AID.] In addition to the amortization state aid under subdivision 1, there is a distribution of supplementary amortization state aid among those ~~local police and salaried firefighters relief associations~~ *municipalities* that receive amortization state aid under subdivision 1. The amount of the distribution is that proportion of the appropriation that the unfunded actuarial accrued liability of each relief association bears to the total unfunded actuarial accrued liabilities of all relief associations as reported in the ~~most recent~~ *December 31, 1983,* actuarial valuations of the relief associations receiving amortization state aid under subdivision 1. Money under this subdivision must be distributed ~~to the relief associations~~ at the same time that fire and police state aid is distributed under section 69.021.

Sec. 24. Minnesota Statutes 1990, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. [ORIGINAL LOCAL TAX RATE.] At the time of the initial certification of the original net tax capacity for a tax increment financing district, the county auditor shall certify the original local tax rate that applies to the district. The original local tax rate is the sum of all the local tax rates that apply to a property in the district. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the district's original tax capacity. ~~If the total local tax rate applicable to properties in the tax increment financing district varies, the local tax rate must be computed by determining the average total local tax rate in the district, weighted on the basis of net tax capacity.~~ The resulting tax capacity rate is the original local tax rate for the life of the

district.

Sec. 25. Minnesota Statutes 1990, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.404 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

The property tax levied by the regional transit board for general purposes under clause (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 1988, the product of two mills multiplied by the total assessed valuation of all taxable property located within the metropolitan transit taxing district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(2) for taxes payable in 1989, the product of (i) the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (1) multiplied by (ii) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan transit taxing district divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan transit taxing district; and

(3) for taxes payable in 1990 and subsequent years, the product of (i) the regional transit board's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous assessment year.

For the purpose of determining the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full-peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.01209~~ *0.510* percent of ~~market value~~ *net tax capacity* on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.01813~~ *0.765* percent of ~~market value~~ *net tax capacity* on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.1398. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments.

For the purposes of this subdivision, "full-peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 26. Minnesota Statutes 1990, 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~~ *net* tax capacity of those properties by applying the appropriate class rates. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the ~~gross~~ *net* 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~~ *net* tax capacity times the total local tax rate 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~~ *net* tax capacity times 105 percent of the previous year's statewide average local tax 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~~ *net* tax in clause (c) is less than the ~~gross~~ *net* 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. Payment shall be made by the state 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. 27. Laws 1991, chapter 291, article 1, section 65, is amended to read:

Sec. 65. [EFFECTIVE DATE.]

Sections 1, 4, *28*, 35, 36, 57, 58, and 62 are effective the day following final enactment.

Sections 2, 3, 11, 15 to 22, 24, 26 ~~to 28~~, *27*, 30, 37 to 49, and 63 are effective for taxes levied in 1991, payable in 1992, and thereafter.

Sections 5 ~~and~~, 6, *and 29* are effective for referenda held after November 1, 1992, for taxes payable in 1993 and thereafter.

Sections 7 and 52 are effective July 1, 1991.

Sections 8, 9 and 31 are effective for appeals filed after July 31, 1991.

Section 10 is effective only for taxes payable in 1992, 1993, 1994, and 1995.

Sections 12 and 14 are effective for taxes payable in 1993 and thereafter, except the deletion of the language "or any single contiguous lot fronting on the same street" in sections 12 and 14 shall be effective for taxes payable in 1992 and thereafter.

Section 13 is effective the day following final enactment and applies to real property acquired after December 31, 1990.

Sections 23 and 25 are effective for taxes payable in 1993 and thereafter.

~~Section 29 is effective for referenda for taxes payable in 1993 and thereafter.~~

Sections 32 and 33 are effective for taxes deemed delinquent after December 31, 1991.

Sections 50 and 51 are effective for aids payable in 1991 and thereafter.

Section 53 is effective the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 54 is effective for the 1991 and 1992 assessment year.

Section 59 is effective the day after the governing body of independent school district No. 325, Lakefield, complies with Minnesota Statutes, section

645.021, subdivision 3.

Section 60 is effective the day after the governing body of independent school district No. 77, Mankato, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 61 is effective the day after the governing body of independent school district No. 284, Wayzata, complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 28. [1989 POPULATION AND NUMBER OF HOUSEHOLDS DATA USED IN 1992 AID CALCULATIONS.]

Notwithstanding any law to the contrary, for the calculation of payable 1992 homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, the 1989 population and number of households figure for governmental subdivisions not having annual estimates prepared by the metropolitan council is equal to the local unit's 1988 population or number of households figure as prepared by the state demographer, plus one-half the increase or minus one-half the decrease when compared to the corresponding figures according to the 1990 federal census.

Sec. 29. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the first note after section 273.1398. The amendment to Minnesota Statutes, section 273.1398, subdivision 1, paragraph (j), made by Laws 1990, chapter 480, article 7, section 9, is of no effect.

Sec. 30. [REPEALER.]

Minnesota Statutes 1990, section 278.01, subdivision 2, is repealed.

Sec. 31. [EFFECTIVE DATES.]

Sections 1, 12, 29, and 30 are effective the day following final enactment. Sections 2, 26, and 27 are effective for taxes levied in 1989, payable in 1990, and thereafter, and for aids and credits payable in 1990 and thereafter. Section 5 is effective for taxes levied in 1991, payable in 1992, and thereafter. Sections 3 and 6 are effective for taxes levied in 1992, payable in 1993, and thereafter. Section 8 is effective for aids payable after June 30, 1992. Section 9 is effective for school year 1992-1993 and for homestead and agricultural credit aid and local government aids for taxes payable in 1992, and thereafter. Sections 10 and 11 are effective for aids payable in 1992 and thereafter. Sections 17 and 19 are effective for taxes becoming delinquent after December 31, 1991. Section 23 is effective for abatements granted in 1992 and thereafter. Section 24 is effective for supplementary amortization state aid payable after June 30, 1991. Section 25 is effective for new tax increment financing districts and amendments adding geographic area to an existing district for which the certification request is, or has been, filed with the county auditor after May 1, 1988. Section 27 is effective as of the day following final enactment of Laws 1991, chapter 291, so that the original effective date language in Laws 1991, chapter 291, which is amended by section 27, has no effect.

ARTICLE 5

INCOME AND GROSS PREMIUMS TAXES

Section 1. Minnesota Statutes 1990, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April ~~15~~ *1*, June ~~15~~ *1*, and December ~~15~~ *1* of each year, every domestic and foreign company, including town and farmers' mutual insurance companies ~~and~~, domestic mutual insurance companies, *and marine 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 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, unless the total tax for the current tax year is $500 or less.

Sec. 2. Minnesota Statutes 1991 Supplement, section 289A.26, subdivision 1, is amended to read:

289A.26 [PAYMENT OF ESTIMATED TAX ~~BY CORPORATIONS~~.]

Subdivision 1. [MINIMUM LIABILITY.] A corporation, *partnership, or trust* subject to taxation under chapter 290 (excluding section 290.92) or an entity subject to taxation under section 290.05, subdivision 3, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed $500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted under section 289A.08, subdivision 3.

Sec. 3. Minnesota Statutes 1990, section 289A.26, subdivision 3, is amended to read:

Subd. 3. [SHORT TAXABLE YEAR.] (a) ~~A corporation~~ *An entity* with a short taxable year of less than 12 months, but at least four months, must pay estimated tax in equal installments on or before the 15th day of the third, sixth, ninth, and final month of the short taxable year, to the extent applicable based on the number of months in the short taxable year.

(b) ~~A corporation~~ *An entity* is not required to make estimated tax payments for a short taxable year unless its tax liability before the first day of the last month of the taxable year can reasonably be expected to exceed $500.

(c) No payment is required for a short taxable year of less than four months.

Sec. 4. Minnesota Statutes 1990, section 289A.26, subdivision 4, is amended to read:

Subd. 4. [UNDERPAYMENT OF ESTIMATED TAX.] If there is an underpayment of estimated tax by a corporation, *partnership, or trust*, there shall be added to the tax for the taxable year an amount determined at the rate in section 270.75 on the amount of the underpayment, determined under subdivision 5, for the period of the underpayment determined under subdivision 6. This subdivision does not apply in the first taxable year that a corporation is subject to the tax imposed under section 290.02.

Sec. 5. Minnesota Statutes 1991 Supplement, section 289A.26, subdivision 6, is amended to read:

Subd. 6. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earlier of the following dates:

(1) the 15th day of the third month following the close of the taxable year for corporations, *the 15th day of the fourth month following the close of the taxable year for partnerships or trusts*, and the 15th day of the fifth month following the close of the taxable year for entities subject to tax under section 290.05, subdivision 3; or

(2) with respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax shall be credited against unpaid required installments in the order in which those installments are required to be paid.

Sec. 6. Minnesota Statutes 1990, section 289A.26, subdivision 7, is amended to read:

Subd. 7. [REQUIRED INSTALLMENTS.] (a) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(b) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(1) ~~90~~ *(i) for tax years beginning in calendar year 1992, 93* percent of the tax shown on the return for the taxable year, or if no return is filed, ~~90~~ *93* percent of the tax for that year; ~~or~~

(ii) for tax years beginning after December 31, 1992, 95 percent of the tax shown on the return for the taxable year, or if no return is filed 95 percent of the tax for that year; or

(2) 100 percent of the tax shown on the return of the ~~corporation~~ *entity* for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the ~~corporation~~ *entity*.

(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of $1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.

(d) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (a), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

(e) The "annualized income installment" is the excess, if any, of:

(1) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over

(2) the aggregate amount of any prior required installments for the taxable year.

(3) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (1).

(4) The "applicable percentage" used in clause (1) is:

For the following required installments:	The applicable percentage is:	
	for tax years beginning in 1992	*for tax years beginning after December 31, 1992*
1st	~~22.5~~ *23.25*	*23.75*
2nd	~~45~~ *46.5*	*47.5*
3rd	~~67.5~~ *69.75*	*71.25*
4th	~~90~~ *93*	*95*

(f)(1) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for the months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for the months during the taxable year preceding the filing month;

(iii) determine the tax on the amount determined under item (ii); and

(iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and the months during the taxable year preceding the filing month.

(2) For purposes of this paragraph:

(i) the "base period percentage" for a period of months is the average percent that the taxable income for the corresponding months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph only applies if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(3) In the case of a required installment determined under this paragraph, if the ~~corporation~~ *entity* determines that the installment is less than the amount determined in paragraph (a), the amount of the required installment is the amount determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

Sec. 7. Minnesota Statutes 1990, section 289A.26, subdivision 9, is amended to read:

Subd. 9. [FAILURE TO FILE AN ESTIMATE.] In the case of ~~a corporation~~ *an entity* that fails to file an estimated tax for a taxable year when one is required, the period of the underpayment runs from the four installment dates in subdivision 2 or 3, whichever applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

Sec. 8. Minnesota Statutes 1991 Supplement, section 289A.37, subdivision 1, is amended to read:

Subdivision 1. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) When a return has been filed and the commissioner determines that the tax disclosed by the return is different than the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. When no return has been filed, the commissioner may make a return for the taxpayer under section 289A.35 or may send an order of assessment under this subdivision. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An order of assessment is final when made but may be reconsidered by the commissioner under section 289A.65.

(b) ~~An~~ *The penalty under section 289A.60, subdivision 1, is not imposed if the* amount ~~of unpaid tax~~ shown on the order ~~must be~~ *is* paid to the commissioner: (1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the commissioner; or (2) if an administrative appeal is filed under section 289A.65 *or a tax court appeal is filed under chapter 271*, within 60 days following ~~the~~ *final* determination of the appeal.

Sec. 9. Minnesota Statutes 1991 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, 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, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, 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, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

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. 10. Minnesota Statutes 1991 Supplement, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) section 527 (dealing with political organizations);

(ii) section 528 (dealing with certain homeowners associations);

(iii) sections 511 to 515 (dealing with unrelated business income); and

(iv) section 521 (dealing with farmers' cooperatives); but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on:

(1) advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code; *or*

(2) revenues from lawful gambling authorized under chapter 349 to the extent the revenues are expended for purposes that qualify for the deduction for charitable contributions under section 170 of the Internal Revenue Code of 1986, as amended through December 31, 1991, disregarding the limitation under section 170(b)(2).

The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

Sec. 11. Minnesota Statutes 1990, section 290.9201, subdivision 11, is amended 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. 12. Minnesota Statutes 1990, section 290.923, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM DEDUCTION AND WITHHOLDING.] *A person or entity whose shares or certificates of beneficial interest are traded on the New York Stock Exchange or publicly traded on any recognized stock exchange and which issues 1099 or K1 forms to its shareholders or certificate holders and provides the 1099 or K1 information to the department of revenue, is exempt from deduction and withholding under this section.*

Sec. 13. Minnesota Statutes 1990, section 299F.21, subdivision 1, is amended to read:

Subdivision 1. [ESTIMATED INSTALLMENT PAYMENTS.] On or before April ~~15~~ *1*, June ~~15~~ *1*, and December ~~15~~ *1* of each year, every licensed insurance company, including reciprocals or interinsurance exchanges, doing business in the state, excepting farmers' mutual fire insurance companies and township mutual fire insurance companies, shall pay to the commissioner of revenue installments equal to one-third of, a tax upon its fire premiums or assessments or both, based on a sum equal to one-half of one percent of the estimated fire premiums and assessments, less return premiums and dividends, on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the year, including premiums on policies covering fire risks only on automobiles, whether written under floater form or otherwise. In the case of a mutual company or reciprocal exchange the dividends or savings paid or credited to members in this state shall be construed to be return premiums. The money so received into the state treasury shall be credited to the general fund. A company that fails 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 is subject to the penalty and interest provided in this chapter, unless the total tax for the current tax year is $500 or less.

Sec. 14. [TRANSITION RELIEF FOR CHANGE IN CORPORATE ESTIMATED TAX.]

For the purposes of computing the amount of underpayment of corporate estimated tax on installment payments due before June 1, 1992, 90 percent shall be substituted for 93 percent in Minnesota Statutes, section 289A.26, subdivision 7, paragraph (b), clause (1), and 22.5 percent shall be substituted for 23.25 percent in paragraph (e), clause (4), if there is not an underpayment of estimated tax for the second installment due in calendar year 1992.

Sec. 15. [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, 1991" for the words "Internal Revenue Code of 1986, as amended through December 31, 1990" or "Internal Revenue Code of 1986, as amended through January 30, 1991," where the phrase occurs in chapters 289A, 290, 290A, and 291, except for section 290.01, subdivision 19.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, section 60A.15, subdivision 6, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Section 1 is effective for tax years beginning after December 31, 1992, except that the date changes in that section are effective for payments due on or after December 1, 1992. Sections 2 to 7 are effective for tax years beginning after June 1, 1992. Sections 6, paragraphs (b), clause (1), and (e), clause (4); and 14 are effective for estimated tax payments for tax years beginning after December 31, 1991. Sections 8 and 11 are effective the day following final enactment. Sections 9 and 10 are effective for taxable years beginning after December 31, 1991. Section 12 is effective for taxable years beginning after December 31, 1989. Section 13 is effective for payments due on or after December 1, 1992. Section 16 is effective for tax years beginning after December 31, 1992.

ARTICLE 6

SALES AND USE TAXES

Section 1. Minnesota Statutes 1990, section 216C.06, is amended by adding a subdivision to read:

Subd. 13. [PHOTOVOLTAIC DEVICE.] *"Photovoltaic device" means a system of components that generates electricity from incident sunlight by means of the photovoltaic effect, whether or not the device is able to store the energy produced for later use.*

Sec. 2. Minnesota Statutes 1990, section 289A.11, subdivision 3, is amended to read:

Subd. 3. [WHO MUST FILE RETURN.] For purposes of the sales tax, a return must be filed by a retailer who is required to hold a permit. For the purposes of the use tax, a return must be filed by a retailer required to collect the tax and by a person buying any items, the storage, use or other consumption of which is subject to the use tax, who has not paid the use tax to a retailer required to collect the tax. The returns must be signed by the person filing the return or by the person's agent duly authorized in writing. *The signature requirement can be waived by agreement, in writing, between the commissioner and the person required to file the returns for a period not to exceed one year from the date of the agreement. The agreement must contain an admission of liability by the taxpayer for the taxes reported on all returns filed by the taxpayer without a signature during the period of the waiver, to the extent such taxes are not timely paid.*

Sec. 3. Minnesota Statutes 1991 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of $1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches $10.

(d) A vendor having a liability of $240,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before *the 14th day of the month following the month in which the taxable event occurred, except for the May liability and one-half of the estimated June liability, which are due on or before* the date the tax is due *under paragraph (b), clause (1). The remaining amount of the June liability is due on August 14*. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(e) If the vendor required to remit by means of funds transfer as provided in this subdivision is unable due to reasonable cause to determine the actual sales and use tax due on or before the 14th day of the month, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the 14th day of the month must be remitted with the return by the 20th day of the month following the month in which the taxable event occurred. A vendor must notify the commissioner of the option that will be used to estimate the tax due, and must obtain approval from the commissioner to switch to another option. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the 14th day of the month, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods.

Sec. 4. Minnesota Statutes 1990, section 297A.07, is amended to read:

297A.07 [REVOCATION OF PERMITS.]

Subdivision 1. [HEARINGS.] ~~Whenever~~ *If* any person fails to comply with ~~any provision of sections 297A.01 to 297A.44~~ *this chapter* or ~~any rule of the commissioner~~ *the rules* adopted under ~~sections 297A.01 to 297A.44~~ *this chapter, without reasonable cause*, the commissioner~~, upon~~ *may schedule a* hearing~~, after giving the person 30 days' notice in writing specifying the time and place of hearing and the reason for the proposed revocation and~~ requiring the person to show cause why the permit or permits should not be revoked~~, may for reasonable cause, revoke or suspend any one or more of the permits held by such person~~. *The commissioner must give the person 15 days' notice in writing, specifying the time and place of the hearing and*

the reason for the proposed revocation. The notice shall also advise the person of the person's right to contest the revocation under this subdivision, the general procedures for a contested case hearing under chapter 14, and the notice requirement under subdivision 2. The notice may be served personally or by mail in the manner prescribed for service of ~~notice of a deficiency~~ *an order of assessment.*

Subd. 2. [CONTESTING OF REVOCATION.] *A person planning to contest the revocation of a sales tax permit must give the commissioner written notice of intent to do so five calendar days before the date of the hearing. If the person does not provide the notice and has no reasonable justification for not doing so, or does not attend the hearing, the commissioner may request a finding of default and recommendation for revocation by the administrative law judge.*

Subd. 3. [NEW PERMITS AFTER REVOCATION.] The commissioner shall not issue a new permit *or reinstate a revoked permit* after revocation ~~except upon application accompanied by~~ *unless the taxpayer applies for a permit and provides* reasonable evidence of ~~the~~ intention ~~of the applicant~~ to comply with the ~~aforementioned provisions~~ *sales and use tax laws* and rules. The commissioner may ~~condition~~ *require* the ~~issuance of a new permit to such~~ applicant ~~on the supplying of such~~ *to supply* security, in addition to that authorized by section 297A.28, as is reasonably necessary to insure compliance with the ~~aforementioned provisions~~ *sales and use tax laws* and rules.

Sec. 5. Minnesota Statutes 1991 Supplement, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax of $7.50 is imposed on the lease or rental in this state ~~on a daily or weekly basis~~ *for not more than 28 days* of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. ~~The tax does not apply if the term of the lease or rental is longer than 28 days.~~ It applies whether or not the vehicle is licensed in the state.

Sec. 6. Minnesota Statutes 1991 Supplement, section 297A.135, is amended by adding a subdivision to read:

Subd. 4. [EXEMPTION.] *The tax imposed by this section does not apply to a lease or rental if the vehicle is to be used by the lessee to provide a licensed taxi service.*

Sec. 7. Minnesota Statutes 1990, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, or consumption in this state, a use tax is imposed on every person in this state at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price.

A use tax is imposed on every person who uses, stores, or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from new materials, either within

or without this state, at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the raw materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 8. Minnesota Statutes 1991 Supplement, section 297A.14, subdivision 3, is amended to read:

Subd. 3. [COUNTY USE TAX.] For each county in which a sales tax is imposed under section 297A.021, a use tax is imposed. This tax applies in the same manner and to the same items as the tax under subdivision 1, except that the county is substituted for the state of Minnesota and section 297A.021 is substituted for section 297A.02.

Out-of-state vendors must collect and remit the use tax imposed under this subdivision as required under section 297A.16 with respect to the use tax imposed under section 297A.14.

Sec. 9. Minnesota Statutes 1990, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, ~~and political subdivisions of the state~~ *school districts, public libraries, public hospitals, and publicly owned nursing homes* are exempt. Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities. *Sales to all political subdivisions of the state are exempt after June 30, 1995. The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding sections 458A.09, 458A.30, 473.394, or 473.448 or any other law to the contrary enacted before 1992.*

Sec. 10. Minnesota Statutes 1991 Supplement, section 297A.25, subdivision 12, as amended by Laws 1992, chapter 363, article 1, section 19, subdivision 1, is amended to read:

Subd. 12. [OCCASIONAL SALES.] (a) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale are exempt.

(b) This exemption does not apply to sales of tangible personal property primarily used in a trade or business unless (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code of 1986, as amended through December 31, 1990; (2) the sale is between members of an affiliated group as defined in section 1504(a) of the Internal Revenue Code of 1986, as amended through December 31, 1990; (3) sale is a sale of farm machinery; (4) the sale is a farm auction sale; or (5) the sale is a sale of substantially all of the assets of a trade or business ~~conducted by an individual or by a partnership all of the partners of which are individuals~~.

For purposes of this subdivision, a "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

Sec. 11. Minnesota Statutes 1990, section 297A.25, subdivision 24, is amended to read:

Subd. 24. [NONPROFIT TICKETS OR ADMISSIONS.] The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which *either (1)* qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i), *or (2) is a municipal board that promotes cultural and arts activities* are exempt. *The exemption provided with respect to a municipal board applies only to tickets and admissions to events sponsored by the board.*

Sec. 12. Minnesota Statutes 1990, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the motor vehicle excise tax laws of Minnesota shall be exempt from taxation under this chapter. *Notwithstanding section 297A.25, subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased by political subdivisions of the state to the extent of the exemption provided under chapter 297B.*

Sec. 13. Minnesota Statutes 1990, section 297A.25, subdivision 45, is amended to read:

Subd. 45. [SHIPS USED IN INTERSTATE COMMERCE.] The gross receipts from sales of, *and use, storage, or consumption of:*

(1) repair, replacement, and rebuilding parts and materials, and lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce; *and*

(2) vessels with a gross registered tonnage of at least 3,000 tons

are exempt.

Sec. 14. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 47. [PHOTOVOLTAIC DEVICES.] *The gross receipts from the sale of photovoltaic devices, as defined in section 216C.06, subdivision 13, and*

the materials used to install, construct, repair, or replace them are exempt if the devices are used as an electric power source.

Sec. 15. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 48. [WIND ENERGY CONVERSION SYSTEMS.] *The gross receipts from the sale of wind energy conversion systems, as defined in section 216C.06, subdivision 12, and the materials used to manufacture, install, construct, repair, or replace them are exempt if the systems are used as an electric power source.*

Sec. 16. Minnesota Statutes 1991 Supplement, section 297A.44, subdivision 4, is amended to read:

Subd. 4. [LOCAL OPTION TAX.] (a) The commissioner shall deposit all revenues, including interest and penalties, derived from the local option excise taxes imposed under sections 297A.021 and 297A.14 in the local government trust fund, *except that revenues derived from the local option taxes on purchases by political subdivisions of the state shall be deposited in the general fund.*

(b) In addition, the commissioner shall deposit revenues derived from imposing a rate of 1.5 percent on all taxable sales, including interest and penalties, under this chapter in the local government trust fund, *except that revenues derived from the local option taxes on purchases by political subdivisions of the state shall be deposited in the general fund.*

Sec. 17. [297A.46] [LOCAL GOVERNMENTS EXEMPT FROM LOCAL SALES TAXES.]

Notwithstanding any other law, ordinance, or charter provision, no political subdivision of the state shall be required to pay any general sales tax imposed by a political subdivision of the state.

Sec. 18. [COMMISSIONER OF REVENUE; TEMPORARY POWERS.]

Subdivision 1. [APPLICABILITY.] *This section gives the commissioner of revenue certain temporary powers. These powers apply only to taxes imposed under Minnesota Statutes, chapter 297A, and local taxes administered by the commissioner under Minnesota Statutes, chapters 289A and 297A.*

Subd. 2. [PAYMENT OF TAXES.] *The commissioner may establish additional due dates, applicable to certain groups of taxpayers, for the payment of taxes. Unless the commissioner has the written consent of the taxpayer, the additional payment dates must not require the taxpayer to pay the tax earlier than the payment dates now provided by statute or rule. The commissioner may accept various forms of payment, including, but not limited to, financial transaction cards and electronic funds transfer.*

Subd. 3. [FILING OF RETURN.] *The commissioner may establish additional dates, applicable to certain groups of taxpayers, for the filing of tax returns. Unless the commissioner has the written consent of the taxpayer, the return due date must not be earlier than the due date now provided by statute or rule. In conducting pilot studies, the commissioner may use tax return forms with varying formats, accept electronic filed returns, and waive the taxpayer signature requirements.*

Subd. 4. [AGREEMENTS.] *The commissioner may enter written agreements with taxpayers that provide for the payment of taxes or the filing of*

returns at dates earlier than now provided by statute or rule. The commissioner and the taxpayer may also agree in writing to other changes from the statutory or rule requirements related to the administration of these taxes. If the taxpayer agrees to pay taxes at a date earlier than provided by statute, the commissioner may negotiate payments to the taxpayer to compensate in part or in full for the loss incurred as a result of the accelerated payment. Included under this authority, the commissioner may agree to let the taxpayer keep a percentage of the taxes collected.

Subd. 5. [PERMITS; APPLICATION; REVOCATION.] *The commissioner may establish procedures for the issuance, renewal, revocation, and cancellation of sales tax permits. These procedures may change the permit application process, establish permit renewal procedures and timeframes, and alter the sales and use tax permit revocation process. These procedures must not impair the statutory due process rights of the taxpayer, except with the taxpayer's consent.*

Subd. 6. [PROCEDURE; APPROVAL.] *Pilot studies proposed under these authorities must be presented to the chairs of the house of representatives tax committee and the senate committee on taxes and tax laws. No study may be undertaken without the approval of both chairs. If either chair fails to respond within 15 days after the proposal is presented, that chair is considered to have approved the study. If the study is approved, the commissioner will initially seek participation on a voluntary basis from within the targeted taxpayer group.*

Subd. 7. [ADMINISTRATIVE PROCEDURES ACT.] *The powers granted under this section are not subject to the provisions of Minnesota Statutes, chapter 14.*

Subd. 8. [EXPIRATION DATE.] *This section expires June 30, 1994. Within 90 days following the expiration date, the commissioner will prepare a report on this study for presentation to the chairs of the house of representatives tax committee and the senate committee on taxes and tax laws.*

Sec. 19. [OCCASIONAL SALES; RETROACTIVE DATE; REFUNDS.]

No refunds of tax may be paid due to the retroactive effective date of section 10 except as provided in this section. A purchaser must file a claim for refund containing the information required in Minnesota Statutes, section 289A.50, and any other information required by the commissioner, including receipts or other proof of payment. A purchaser is considered a taxpayer for purposes of section 289A.50. Notwithstanding section 289A.50, subdivision 2, a vendor who has collected a tax from the purchaser may not claim a refund under this section.

Sec. 20. [CITY OF ELY; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Ely may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.*

Subd. 2. [EXCISE TAX.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Ely may by ordinance impose an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at*

retail.

Subd. 3. [USE OF REVENUES.] *Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing, operating, promoting, and developing of facilities as part of a community revitalization project in Ely known as the Ely Wilderness Gateway project. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of the Wilderness Gateway project and related facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of Wilderness Gateway and related facilities, operating expenses of facilities and attractions, and operations to promote and develop the project. For purposes of this section, "Ely Wilderness Gateway and related facilities" means a convention center, amphitheater, interpretive center, Gateway linkage facility, exhibits and program components, furnishings and equipment, tourist center, cottage industry center, wildlife enclosures, tourist attractions, museum, educational facilities, and links to municipal campgrounds and all publicly owned real or personal property adjacent to the project area that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, educational and recreational trails, and landscaping. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues shall not exceed $20,000,000 for Ely Wilderness Gateway and related facilities.*

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] *The taxes imposed under subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital, administrative, and operating costs of $20,000,000 for the Ely Wilderness Gateway and related facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.*

Subd. 5. [BONDS.] *The city of Ely may issue general obligation bonds of the city in an amount not to exceed $20,000,000 for Ely Wilderness Gateway and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for Ely Wilderness Gateway and related facilities shall not be included in computing any debt limitations applicable to the city of Ely, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.*

Subd. 6. [REFERENDUM.] *If the Ely city council intends to impose the sales and excise taxes authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax 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 general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.*

Subd. 7. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAXES.] *A sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.*

Subd. 8. [EFFECTIVE DATE.] *This section is effective the day after final enactment.*

Sec. 21. [CITY OF THIEF RIVER FALLS; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Thief River Falls may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city except for sales of major farm equipment subject to the tax under subdivision 2.*

Subd. 2. [EXCISE TAX.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Thief River Falls may by ordinance impose an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail, and an excise tax of up to $20 per piece of major farm equipment, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling major farm equipment at retail.*

Subd. 3. [USE OF REVENUES.] *Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing, operating, promoting, and developing of facilities as part of a community revitalization project in Thief River Falls known as the Area Tourism-Convention Facilities. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of the Area Tourism-Convention Facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of the Area Tourism-Convention Facilities, operating expenses of facilities and attractions, and operations to promote and develop the project as described in a strategic plan approved under subdivision 8. For purposes of this section, "Area Tourism-Convention Facilities" means convention facilities, rivers' beautification and reservoir management, tourist park expansion, River Walk facilities, and Depot acquisition and preservation. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues shall not exceed $15,000,000 for the Thief River Falls Area Tourism-Convention Facilities.*

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] *The taxes imposed under subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes to finance capital, administrative, and operating costs of $15,000,000*

for the Area Tourism-Convention Facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city, by ordinance, so determines, provided that sufficient funds have been received to finance obligations already incurred for the Area Tourism-Convention Facilities.

Subd. 5. [BONDS.] *The city of Thief River Falls may issue general obligation bonds of the city in an amount not to exceed $15,000,000 for the Area Tourism-Convention Facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for the Area Tourism-Convention Facilities shall not be included in computing any debt limitations applicable to the city of Thief River Falls, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.*

Subd. 6. [REFERENDUM.] *If the Thief River Falls city council intends to impose the sales and excise taxes authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax 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 general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.*

Subd. 7. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAXES.] *A sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.*

Subd. 8. [APPROVAL OF PLANS.] *A representative, advisory citizens committee of not less than nine members is established. The committee shall review and, by majority vote, approve or reject strategic plans relating to the Area Tourism-Convention Facilities of Thief River Falls. The committee shall be appointed by the Thief River Falls city council as provided under Minnesota Statutes, section 15.059, subdivisions 2 and 4. The committee shall be composed of persons representative of the area.*

Subd. 9. [EFFECTIVE DATE.] *This section is effective the day after final enactment.*

Sec. 22. [CITY OF ROCHESTER; LOCAL TAXES.]

Subdivision 1. [SALES AND USE TAX AUTHORIZATION.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an additional sales tax of up to one percent on sales*

transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city and may also, by ordinance, impose an additional compensating use tax of up to one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact the property was sold outside the city.

Subd. 2. [EXCISE TAX AUTHORIZATION.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.*

Subd. 3. [COLLECTION.] *The commissioner of revenue may enter into appropriate agreements with the city of Rochester to provide for collection by the state on behalf of the city of a tax imposed by the city of Rochester pursuant to this section. The commissioner may charge the city of Rochester from the proceeds of any tax a reasonable fee for its collection.*

Subd. 4. [ALLOCATION OF REVENUES.] *Revenues received from taxes authorized by this section shall be used to pay the costs of collecting the taxes, capital and administrative costs of capital improvements for fire station, city hall, and public library facilities for which the city voters at the general election held on November 6, 1990, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by sections 22 and 23, excluding investment earnings thereon, shall not exceed $28,760,000 for the several purposes.*

Subd. 5. [TERMINATION OF TAXES.] *The taxes imposed pursuant to this section shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital and administrative costs of $28,760,000 for improvements for fire station, city hall, and public library facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.*

Subd. 6. [BONDS.] *The city of Rochester, pursuant to the approval of the city voters at the general election held on November 6, 1990, may issue general obligation bonds of the city in an amount not to exceed $28,760,000 for fire station, city hall, and public library facilities. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The amount of any special levy for debt service for payment of principal and interest on the bonds shall not include the amount of estimated collection of revenues from the taxes imposed pursuant to this section that are pledged for the payment of those obligations.*

Sec. 23. [CITY OF MINNEAPOLIS; NEIGHBORHOOD EARLY LEARNING CENTER.]

Subdivision 1. [CENTERS.] *A neighborhood early learning center provides programs to promote the physical, emotional, and social development of all children residing in the city of Minneapolis from birth until ready to enter first grade. A center may include:*

(1) way to grow school readiness programs as defined in Minnesota Statutes, section 145.926;

(2) Head Start and other preschool programs;

(3) kindergarten and related programs; and

(4) other family support and child development activities which strengthen the capacity of a family to give birth to and successfully nurture healthy children.

A center shall be located as close as possible to the families and children it serves and may be housed in one structure or in structures in close proximity to each other. A center may be owned by any private or public entity other than the board established under subdivision 2.

Subd. 2. [CREATION OF BOARD.] *Special school district No. 1 and the city of Minneapolis may establish a neighborhood early learning board under Minnesota Statutes, section 471.59, to create, manage, and operate neighborhood early learning centers on the terms and conditions agreed to by the district and the city. The Minneapolis youth coordinating board established under Laws 1985, chapter 91, may serve as the neighborhood early learning board provided that the governing bodies of special school district No. 1 and the city of Minneapolis, together with the youth coordinating board, adopt resolutions designating the youth coordinating board as the neighborhood early learning board under the authority of this section. If an existing board ceases to function, and in the absence of a new joint powers agreement creating a new board, an interim joint powers board shall govern. The interim board shall consist of five members, two of whom shall be selected by resolution of the governing body of special school district No. 1, two of whom shall be selected by resolution of the city council of the city of Minneapolis, and one of whom shall be selected by the mayor with the approval of the city council. Persons selected to serve may be elected officials from their respective bodies. Any interim board shall elect its own officers and shall serve until a new joint powers agreement establishes a new board.*

Subd. 3. [POWERS.] *The neighborhood early learning board is authorized to:*

(1) manage and operate and acquire leasehold interests in neighborhood early learning centers, and all leasehold interests in centers shall be vested in the board or in another governmental unit as may be designated by the board;

(2) employ permanent or temporary employees as it may require, and determine their qualifications, duties, and compensation;

(3) use the services of the participating local public bodies and of other political subdivisions or public bodies whose jurisdiction includes all or a part of the area of the city of Minneapolis;

(4) sublease space or assign any of its leasehold interests to any public or private entity in connection with the programs described in subdivision 1;

(5) develop criteria and request proposals for the provision of services described in subdivision 1, clauses (2) and (3), by private entities which propose to provide these services to less than 100 children at any one location, and provide financial assistance to those private entities for the costs of managing and operating a facility and providing these services;

(6) receive funds or other assistance from both private and public sources; and

(7) take other action as it deems necessary or useful to carry out its responsibilities under this section.

The board shall not exercise any control over the content or curriculum of Head Start or any programs operated by special school district No. 1. The board shall expend a portion of the operating funds received by it from the city and the school district on the services provided under clause (5).

Subd. 4. [SUPPORT BY PARTICIPANTS AND OTHER PUBLIC BODIES.] *The city of Minneapolis and special school district No. 1 are authorized to appropriate money to the board, to the Minneapolis community development agency, or to each other, for use in connection with neighborhood early learning centers and facilities described in subdivision 3, clause (5), and to undertake activities in support of the purposes of the board, including the acquisition, construction, equipping, and improving of neighborhood early learning centers. Any appropriations may be subject to any conditions that the appropriating entity may establish. Other political subdivisions and public bodies whose jurisdictions include all or a part of the city of Minneapolis, including the Minneapolis community development agency, are authorized to exercise any of their powers for the purposes for which the board may act and to acquire, construct, provide facilities for, and equip neighborhood early learning centers on behalf of the city or special school district No. 1. Any appropriations may be subject to the conditions that the appropriating entity may establish. Notwithstanding any limitations in Laws 1986, chapter 396, the city of Minneapolis may annually appropriate the proceeds of sales and use taxes collected or received by the city under Laws 1986, chapter 396, section 4, to the board or otherwise expend such funds in support of the board's purposes. Neighborhood early learning centers shall be an authorized use of such tax revenues under Laws 1986, chapter 396.*

Sec. 24. [REPEALER.]

Minnesota Statutes 1991 Supplement, section 295.367, is repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1, 5 to 8, and 17 are effective the day following final enactment. Section 3 is effective for tax payments due for sales made on or after October 1, 1992. Sections 9, 11, 15, and 16 are effective for sales made after June 30, 1992. Section 10 is effective for sales after June 30, 1991. Section 13 is retroactively effective for all open tax years, and thereafter. Section 14 is effective for sales after June 30, 1992, and before July 1, 1996. Section 24 is effective for sales after December 31, 1991.

ARTICLE 7

STATE TAXES: ADMINISTRATIVE AND TECHNICAL

Section 1. [13.701] [TAX DATA; CLASSIFICATION AND DISCLOSURE.]

Classification and disclosure of tax data created, collected, or maintained under chapters 290, 290A, 291, and 297A by the department of revenue is governed by chapter 270B.

Sec. 2. Minnesota Statutes 1990, section 60A.19, subdivision 6, is amended to read:

Subd. 6. [RETALIATORY PROVISIONS.] (1) When by the laws of any other state or country any taxes, fines, deposits, penalties, licenses, or fees, other than assessments made by an insurance guaranty association or similar organization, in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in this state, other than assessments ~~made pursuant to section 60C.06~~ *by an insurance guaranty association or similar organization organized under the laws of this state*, are imposed on insurance companies of this state and their agents doing business in that state or country, or when any conditions precedent to the right to do business in that state are imposed by the laws thereof, beyond those imposed upon these foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of that state or country and their agents doing or applying to do business in this state so long as these foreign laws remain in force. *Special purpose obligations or assessments, or assessments imposed in connection with particular kinds of insurance, are not taxes, licenses, or fees as these terms are used in this section.*

(2) In the event that a domestic insurance company, after complying with all reasonable laws and rulings of any other state or country, is refused permission by that state or country to transact business therein after the commissioner of commerce of Minnesota has determined that that company is solvent and properly managed and after the commissioner has so certified to the proper authority of that other state or country, then, and in every such case, the commissioner may forthwith suspend or cancel the certificate of authority of every insurance company organized under the laws of that other state or country to the extent that it insures, or seeks to insure, in this state against any of the risks or hazards which that domestic company seeks to insure against in that other state or country. Without limiting the application of the foregoing provision, it is hereby determined that any law or ruling of any other state or country which prescribes to a Minnesota domestic insurance company the premium rate or rates for life insurance issued or to be issued outside that other state or country shall not be reasonable.

(3) This section does not apply to insurance companies organized or domiciled in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits, penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies domiciled in this state.

Sec. 3. Minnesota Statutes 1991 Supplement, section 270A.04, subdivision 2, is amended to read:

Subd. 2. Any debt owed to a claimant agency ~~shall~~ *must not* be submitted by the agency for collection under the procedure established by sections 270A.01 to 270A.12 ~~unless~~ *if* (a) ~~an alternative means of collection is pending and the debtor is complying with the terms of alternative means of collection, except that this limitation does not apply to debts owed resulting from a default~~

~~in payment of child support or maintenance~~ *there is a written payment agreement between the debtor and the claimant agency in which revenue recapture is prohibited and the debtor is complying with the agreement*, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner, or (d) the debt is barred by section 541.05.

Sec. 4. Minnesota Statutes 1990, section 270A.05, is amended to read:

270A.05 [MINIMUM SUM COLLECTIBLE.]

The minimum sum which a claimant agency may collect through use of the setoff procedure is ~~$25~~ *$15*.

Sec. 5. Minnesota Statutes 1990, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3. ~~Where the notification is received before July 1, the notification shall be effective only to initiate set-off for claims against refunds that would be made in the same calendar year. Where the notification is received on or after July 1, the notification is effective only to begin setoff for claims against refunds that would be made in the next calendar year.~~

~~The claimant agency shall submit to the commissioner the amount of $3 per certification. The payment must accompany the certification. The claimant agency shall increase the amount of each debt certified by $3 and this total amount is subject to recapture. If the total debt is not recaptured by the commissioner, the $3 addition to the debt may be collected by the claimant agency from the debtor and must be considered an obligation of the debtor. The $3 will not be refunded if the recapture is not accomplished.~~

For each setoff of a debt against a refund due, the commissioner shall charge a fee of $10. The claimant agency may add the fee to the amount of the debt.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least $200 within 30 days after satisfaction or reduction.

Sec. 6. Minnesota Statutes 1990, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall *first deduct the fee in subdivision 1 and then* remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany

any disbursement to the debtor of the balance of a refund.

Sec. 7. Minnesota Statutes 1991 Supplement, section 270A.08, subdivision 2, is amended to read:

Subd. 2. (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) The notice will also advise the debtor that ~~any~~ *the* debt ~~incurred more than six years from the date of the notice to the commissioner under section 270A.07, except for debts owed resulting from a default in payment of child support or maintenance, must not~~ *can* be setoff against a refund *unless the time period allowed by law for collecting the debt has expired*, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

Sec. 8. Minnesota Statutes 1990, section 270A.11, is amended to read:

270A.11 [DATA PRIVACY.]

Private and confidential data on individuals may be exchanged among the department, the claimant agency, and the debtor as necessary to accomplish and effectuate the intent of sections 270A.01 to 270A.12, as provided by section 13.05, subdivision 4, clause (b). The department may disclose to the claimant agency only the debtor's name, address, social security number and the amount of the refund, *and in the case of a joint return, the name of the debtor's spouse*. Any person employed by, or formerly employed by, a claimant agency who discloses any such information for any other purpose, shall be subject to the civil and criminal penalties of section 270B.18.

Sec. 9. Minnesota Statutes 1990, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters *289A*, 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 10. Minnesota Statutes 1991 Supplement, section 289A.20, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, mining company, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.18, subdivision 1, or the extended due date as provided in section 289A.19, unless an earlier date for payment is provided.

Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is $1 or less need not pay the tax.

~~A corporation required to make estimated tax payments by means of an electronic funds transfer must also make the payment with the return in accordance with section 289A.26, subdivision 2a.~~

(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.18, subdivision 1.

Sec. 11. [289A.43] [PROHIBITION OF SUITS TO RESTRAIN ASSESSMENT OR COLLECTION.]

Except for the express procedures in this chapter, chapters 270 and 271, and any other tax statutes for contesting the assessment or collection of taxes, penalties, or interest administered by the commissioner of revenue, no suit to restrain assessment or collection, including a declaratory judgment action, can be maintained in any court by any person.

Sec. 12. Minnesota Statutes 1990, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court ~~and on payment of $3 to the commissioner~~, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support. The amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied *and after deduction of the fee prescribed in section 270A.07, subdivision 1*. An amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support payments.

(c) A petition filed under this subdivision remains in effect with respect

to any refunds due under this section until the support money, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorney fees, and costs. If a petition is filed under this subdivision and a claim is made under chapter 270A with respect to the individual's refund and notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Sec. 13. Minnesota Statutes 1990, section 290.05, subdivision 4, is amended to read:

Subd. 4. (a) ~~Corporations, individuals, estates, trusts or organizations claiming exemption under subdivision 2 shall furnish information concerning their exempt status under the Internal Revenue Code.~~

~~(b) Corporations, individuals, estates, trusts, and organizations shall file with the commissioner of revenue a copy of an annual report that is required to be filed with the Internal Revenue Service, no later than ten days after filing it with the Internal Revenue Service. An annual report required of a pension plan under sections 6057 to 6059 of the Internal Revenue Code of 1954, does not need to be filed with the commissioner.~~

~~(c)~~ If the Internal Revenue Service revokes, cancels or suspends, in whole or part, the exempt status of any corporation, individual, estate, trust or organization ~~referred to in paragraph (a)~~, or if the amount of gross income, deductions, credits, items of tax preference or taxable income is changed or corrected by either the taxpayer or the Internal Revenue Service, or if the taxpayer consents to any extension of time for assessment of federal income taxes, the corporation, individual, estate, trust or organization shall notify the commissioner in writing of the action within 90 days after that date.

~~(d)~~ *(b)* The periods of limitations contained in section 289A.42, subdivision 2, apply when there has been any action referred to in paragraph ~~(c)~~ *(a)*, notwithstanding any period of limitations to the contrary.

Sec. 14. Minnesota Statutes 1991 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ten percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

For a nonresident~~,~~ *or* part-year resident, ~~or person who has earned income not subject to tax under this chapter,~~ the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990, must be allocated based on the percentage ~~of the total earned income of the claimant and the claimant's spouse that is derived from Minnesota sources~~ *calculated under section 290.06, subdivision 2c, paragraph (e).*

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 15. Minnesota Statutes 1991 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 Minnesota charitable contribution deduction and non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;

(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, 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~~ *seven* 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. 16. Minnesota Statutes 1990, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~six~~ *seven* percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1) of the Internal Revenue Code, less

(v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 17. Minnesota Statutes 1991 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), 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.

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1.

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the 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.

(d) An acquiring corporation may carry over this credit from a transferor or distributor corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue Code apply in determining the amount of the carryover, if any.

Sec. 18. Minnesota Statutes 1991 Supplement, section 290.0922, subdivision 1, is amended to read:

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~~ *289A.08, subdivision 3*, 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 $ 999,999	$ 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~~ *289A.12, subdivision 3*, 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~~ *289A.12, subdivision 3*, 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 *for the taxpayer* due under section ~~290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed~~ *289A.18, subdivision 1*. 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 $ 999,999	$ 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

Sec. 19. Minnesota Statutes 1990, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, *paragraphs (1) and (2)*, reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3, *paragraphs (1) and (2)*, plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Sec. 20. Minnesota Statutes 1990, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent constituting property tax to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give 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 must be made available to the renter before February 1 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) The certificate of rent constituting property taxes must include the address of the property, including the county, and the property tax parcel identification number and any additional information that the commissioner determines is appropriate.

(c) 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 that 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.

(d) By ~~June 30, for taxes payable in 1990 and May 30 for taxes payable in 1991 and thereafter~~ *January 31 of the year following the year in which the rent was collected*, each owner or managing agent shall report to the commissioner on a form prescribed by the commissioner the net tax pertaining to the rental residential part 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. 21. Minnesota Statutes 1990, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.25, subdivision 42, and 297A.257 the tax on sales of capital equipment, and construction materials and supplies under section 297A.257, shall be imposed and collected as if the ~~rate~~ *rates* under ~~section~~ *sections* 297A.02, subdivision 1, *and 297A.021* applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42, or 297A.257 shall be paid to the purchaser. In the case of building materials qualifying under section

297A.257 where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or capital equipment or construction materials and supplies under section 297A.257. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 22. Minnesota Statutes 1990, section 297A.15, subdivision 6, is amended to read:

Subd. 6. [REFUND; APPROPRIATION.] The tax on the gross receipts from the sale of items exempt under section 297A.25, subdivision 43, must be imposed and collected as if the sale were taxable and the ~~rate~~ *rates* under ~~section~~ *sections* 297A.02, subdivision 1, *and 297A.021* applied.

Upon application by the owner of the homestead property on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the building materials and equipment must be paid to the homeowner. In the case of building materials in which the tax was paid by a contractor, application must be made by the homeowner for the sales tax paid by the contractor. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The contractor must furnish to the homeowner a statement of the cost of building materials and the sales taxes paid on the materials. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

Sec. 23. Minnesota Statutes 1990, section 541.07, is amended to read:

541.07 [TWO- OR THREE-YEAR LIMITATIONS.]

Except where the Uniform Commercial Code, this section, section 148A.06, or section 541.073 otherwise prescribes, the following actions shall be commenced within two years:

(1) For libel, slander, assault, battery, false imprisonment, or other tort, resulting in personal injury, and all actions against physicians, surgeons, dentists, other health care professionals as defined in section 145.61, and veterinarians as defined in chapter 156, hospitals, sanitariums, for malpractice, error, mistake or failure to cure, whether based on contract or tort; provided a counterclaim may be pleaded as a defense to any action for services brought by a physician, surgeon, dentist, or other health care professional or veterinarian, hospital or sanitarium, after the limitations herein described notwithstanding it is barred by the provisions of this chapter, if it was the property of the party pleading it at the time it became barred and was not barred at the time the claim sued on originated, but no judgment thereof except for costs can be rendered in favor of the party so pleading it;

(2) Upon a statute for a penalty or forfeiture, except as provided in sections 541.074 and 541.075;

(3) For damages caused by a dam, other than a dam used for commercial purposes; but as against one holding under the preemption or homestead laws, the limitations shall not begin to run until a patent has been issued for the land so damaged;

(4) Against a master for breach of an indenture of apprenticeship; the limitation runs from the expiration of the term of service;

(5) For the recovery of wages or overtime or damages, fees or penalties accruing under any federal or state law respecting the payment of wages or overtime or damages, fees or penalties except, that if the employer fails to submit payroll records by a specified date upon request of the department of labor and industry or if the nonpayment is willful and not the result of mistake or inadvertence, the limitation is three years. (The term "wages" means all remuneration for services or employment, including commissions and bonuses and the cash value of all remuneration in any medium other than cash, where the relationship of master and servant exists and the term "damages" means single, double, or treble damages, accorded by any statutory cause of action whatsoever and whether or not the relationship of master and servant exists);

(6) For damages caused by the establishment of a street or highway grade or a change in the originally established grade;

(7) ~~For sales or use taxes imposed by the laws of any other state;~~

~~(8)~~ Against the person who applies the pesticide for injury or damage to property resulting from the application, but not the manufacture or sale, of a pesticide.

Sec. 24. Laws 1991, chapter 291, article 7, section 27, is amended to read:

Sec. 27. [EFFECTIVE DATE.]

Sections 2, *4*, 9, 15 to 19, 21 to 24, and 26 are effective for taxable years beginning after December 31, 1990, provided that the carryover for the credit provided under Minnesota Statutes, section 290.068, subdivision 6, that is repealed by section 26, remains in effect for taxable years beginning before 2003. Sections 10 and 14 are effective the day following final enactment. Sections 1, 3, *11, 12, 13*, 20, and 25 are effective for taxable years beginning after December 31, 1989.

Sec. 25. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the note after section 290A.19. Effective August 1, 1990, the amendment to Minnesota Statutes, section 290A.19, made by Laws 1990, chapter 480, article 1, section 38, paragraph (c), is of no effect.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, sections 289A.12, subdivision 1; 290.48, subdivision 7; and 297.32, subdivision 7, are repealed.

Sec. 27. [EFFECTIVE DATES.]

Sections 2, 3, 7 to 9, 11, 17, 18, 24, and 26 are effective the day following final enactment.

Sections 4, 5, 6, and 12 are effective for refund offsets made on or after July 1, 1992.

Section 10 is effective for payments with corporate franchise tax returns due on or after January 1, 1992.

Section 13 is effective for returns that would have been due after the date of final enactment.

Section 14 is effective for tax years beginning after December 31, 1991.

Sections 15 and 16 are effective for tax years beginning after December 31, 1990.

Section 19 is effective beginning for claims based on rent paid in 1992.

Section 20 is effective beginning with returns based on rent collected in 1992.

Sections 21 and 22 are effective retroactively for all purchases made after December 31, 1991.

Section 23 is effective for causes of action arising on or after the day following final enactment, and for causes of action arising before that date that have not expired as of the day following final enactment.

ARTICLE 8

LOCAL DEVELOPMENT

Section 1. [290.069] [DESIGNATED COUNTIES JOB CREATION CREDIT.]

Subdivision 1. [DESIGNATION OF COUNTIES.] *The commissioner of trade and economic development shall certify counties as designated counties. A county is a designated county if:*

(1) the county has had a decline in population of ten percent or more from 1980 to 1990, as determined by the 1990 federal decennial census;

(2) the county has adopted a county-wide economic development plan;

(3) the county has been designated a star county by the department of trade and economic development; and

(4) each statutory and home rule charter city in the county has established an economic development authority under sections 469.090 to 469.108.

Subd. 2. [CREDIT FOR JOB CREATION.] *A business with operations located in a designated county may take a credit against the tax due under chapter 290 for its first taxable year beginning after December 31, 1992, and before January 1, 1994. For purposes of this section, "business" means a business entity organized for profit, including a sole proprietorship, partnership, or corporation, and "eligible employees" are determined as the number of persons paid an annual wage of at least $15,000 and employed by the business within the designated county on a full-time basis on the last day of the taxable year, not to exceed the number of persons paid an annual wage of at least $15,000 and employed by the business on a full-time basis within the designated county on the date 90 days before the last day of the taxable year. A credit is provided only for the number of eligible employees that exceeds the number of such persons so employed on the last day of the preceding taxable year. A person is not an eligible employee if the commissioner of trade and economic development determines that the position*

held by that employee in the business was transferred from an enterprise conducted by substantially the same business enterprise at another site in the state. The credit is equal to $2,000 multiplied by the number of eligible employees. The credit is not refundable.

Subd. 3. [LIMITATION.] *Tax credits provided under this section may not exceed $100,000. If by April 15, 1994, the commissioner of revenue determines that the estimated total amount of credits claimed under this section exceeds $100,000, the commissioner shall reduce the credit granted for each eligible employee proportionately.*

Sec. 2. [298.227] [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to 10.4 cents per taxable ton distributed pursuant to each taconite producer's taxable production under section 298.28, subdivision 9a, for production years 1992 and 1993 shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section shall be effective for taxes payable in 1993 and 1994.

Sec. 3. Minnesota Statutes 1990, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1990~~ *1992 and 1993* 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 ~~$1.975~~ *$2.054* per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1991~~ *1994* 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 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 ~~$1.975~~ *$2.054* 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. 4. Minnesota Statutes 1990, section 298.28, is amended by adding a subdivision to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] *10.4 cents per ton for distributions in 1993 and 1994 shall be paid to the taconite economic development fund. No distribution shall be made under this subdivision in any year in which total industry production falls below 30 million tons.*

Sec. 5. Minnesota Statutes 1990, section 383.06, is amended to read:

383.06 [PAYMENT OF WARRANTS; ACCOUNTS; HOW KEPT; CERTIFICATES OF INDEBTEDNESS TO RETIRE OUTSTANDING WARRANTS.]

Subdivision 1. [PAYMENT OF WARRANTS.] The county treasurer shall pay warrants only from the fund from which they are legally payable. Payments under any special contract shall be kept separate under the name of such contract, and under the general title of the fund from which such payment may be legally made. The treasurer need not keep a specific appropriations account separately, but shall keep a general appropriations account.

Subd. 2. [TAX ANTICIPATION CERTIFICATES.] The county board may, by resolution, issue and sell as many certificates of indebtedness as may be needed in anticipation of the collection of taxes levied for any fund named in the tax levy for the purpose of raising money for such fund, but the certificates outstanding for any such separate funds shall not at any time exceed 50 percent of the amount of taxes previously levied for such fund remaining uncollected~~, and~~. No certificate shall be issued to become due and payable later than ~~December 31 of the year succeeding the year in which the tax levy was made~~ *15 months after the deadline for the certification of the property tax levy under section 275.07, subdivision 1*, and the certificates shall not be sold for less than par and accrued interest. ~~No such certificates shall be issued prior to the beginning of the fiscal year for which the taxes so anticipated were intended, except that when taxes shall have been levied for the purpose of paying a deficit in any such fund carried over from any previous year or years~~ *The* certificates of indebtedness ~~in anticipation of collection of the taxes levied for such deficit~~ may be issued at any time after ~~such~~ *the* levy ~~shall have~~ *has* been finally made and certified to the county

auditor. Each certificate shall state upon its face for which fund the proceeds thereof shall be used, the total amount of certificates so issued, and the whole amount embraced in the levy for that particular purpose. They shall be numbered consecutively, be in denominations of $100 or a multiple thereof, may have interest coupons attached, shall be otherwise of such form and terms, and may be made payable at such place, as will best aid in their negotiation, and the proceeds of the tax assessed and collected on account of the fund and the full faith and credit of the county shall be irrevocably pledged for the redemption and payment of the certificates so issued. Such certificates shall be payable primarily from the moneys derived from the levy for the years against which such certificates were issued, but shall constitute unlimited general obligations of the county. Money derived from the sale of such certificates shall be credited to the fund or funds the taxes for which are so anticipated.

Sec. 6. Minnesota Statutes 1990, section 401.02, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT AND REORGANIZATION OF ADMINISTRATIVE STRUCTURE.] Any county or group of counties which have qualified for participation in the community corrections subsidy program provided by this chapter may~~, after consultation with the judges of the district court, county court, municipal court, probate court and juvenile court having jurisdiction in the county or group of counties~~ establish, organize, and reorganize an administrative structure and provide for the budgeting, staffing and operation of court services and probation, *construction or improvement to* juvenile detention and juvenile correctional facilities *and adult detention and correctional facilities*, and other activities required to conform to the purposes of this chapter. No contrary general or special statute divests any county or group of counties of the authority granted by this subdivision. ~~This subdivision does not apply to Ramsey County or Hennepin County or to the counties in the Arrowhead region. In Hennepin County and Ramsey County the county board and the judges of the district court, county court, municipal court, probate court and juvenile court shall prepare and implement a joint plan for reorganization of correctional services in the county providing for the administrative structure and providing for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform to the purposes of this chapter. The joint plan shall be subject to the approval of the commissioner of corrections and submitted to the legislature on or before January 15, 1983.~~

Sec. 7. Minnesota Statutes 1990, section 401.05, is amended to read:

401.05 [FISCAL POWERS.]

Subdivision 1. [AUTHORIZATION TO USE AND ACCEPT FUNDS.] Any county or group of counties electing to come within the provisions of sections 401.01 to 401.16, may, through their governing bodies, use unexpended funds, accept gifts, grants and subsidies from any lawful source, and apply for and accept federal funds.

Subd. 2. [CAPITAL IMPROVEMENTS; BONDS; LEASES.] *(a) Any county or group of counties which acquires facilities pursuant to section 401.04 or constructs the facilities may finance the acquisition or construction and the equipping and subsequent improvement of the facilities in whole or in part by:*

(1) the issuance of general obligation bonds of the county or group of counties in the manner provided in chapter 475; or

(2) the issuance of revenue bonds, secured by a lease agreement as provided in subdivision 3 and sections 469.152 to 469.165, by a city situated in any of the counties or a county housing and redevelopment authority established pursuant to chapter 469 or special law.

Proceedings for the issuance of general obligation bonds shall be instituted by the board of county commissioners of the county or boards of the group of counties.

(b) If counties have combined as authorized in section 401.02, the joint powers board created under section 471.59 shall, with the approval of the county board of each county which is a party:

(1) fix the total amount necessary for the construction or acquisition and the equipping and subsequent improvement of the facilities; and

(2) apportion to each county its share of this amount or of the annual debt service or lease rentals required to pay this amount with interest, as provided in subdivision 4.

Subd. 3. [LEASING.] *(a) A county or joint powers board of a group of counties which acquires or constructs and equips or improves facilities under this chapter may, with the approval of the board of county commissioners of each county, enter into a lease agreement with a city situated within any of the counties, or a county housing and redevelopment authority established under chapter 469 or any special law. Under the lease agreement, the city or county housing and redevelopment authority shall:*

(1) construct or acquire and equip or improve a facility in accordance with plans prepared by or at the request of a county or joint powers board of the group of counties and approved by the commissioner of corrections; and

(2) finance the facility by the issuance of revenue bonds.

(b) The county or joint powers board of a group of counties may lease the facility site, improvements, and equipment for a term upon rental sufficient to produce revenue for the prompt payment of the revenue bonds and all interest accruing on them. Upon completion of payment, the lessee shall acquire title. The real and personal property acquired for the facility constitutes a project and the lease agreement constitutes a revenue agreement as provided in sections 469.152 to 469.165. All proceedings by the city or county housing and redevelopment authority and the county or joint powers board shall be as provided in sections 469.152 to 469.165, with the following adjustments:

(1) no tax shall be imposed upon the property;

(2) the approval of the project by the commissioner of trade and economic development shall not be required;

(3) the department of corrections shall be furnished and shall record information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of trade and economic development or energy and economic development authority;

(4) the rentals required to be paid under the lease agreement shall not

exceed in any year one-tenth of one percent of the market value of property within the county or group of counties as last equalized before the execution of the lease agreement;

(5) the county or group of counties shall provide for payment of all rentals due during the term of the lease agreement in the manner required in subdivision 4;

(6) no mortgage on the facilities shall be granted for the security of the bonds, but compliance with clause (5) may be enforced as a nondiscretionary duty of the county or group of counties; and

(7) the county or the joint powers board of the group of counties may sublease any part of the facilities for purposes consistent with their maintenance and operation.

Subd. 4. [TAX LEVIES; APPORTIONMENT OF COSTS.] *The county or each county of the group of counties shall annually levy a tax in an amount necessary to defray its proportion of the net costs of maintenance and operation of the facilities, and shall levy a tax to pay the cost of construction or acquisition, equipping, and any subsequent improvement to the facilities or the retirement of any bonds or required lease payments for these purposes. Each county may levy these taxes without limitation on the rate or amount. This levy shall not cause the amount of other taxes levied or to be levied by the county, which are subject to any limitation, to be reduced in any amount. A joint powers board of the group of counties shall apportion the costs of maintenance and operation, construction or acquisition, equipping, and subsequent improvement of the facilities to each of the counties according to a formula in the agreement entered into by the counties.*

Subd. 5. [CORRECTIONAL FACILITIES FUND.] *All money received for the operation and maintenance, payment of indebtedness or lease payments, and construction or acquisition, equipping, and subsequent improvement of the facilities shall be deposited in a correctional facilities fund maintained in the treasury of the county in which the facilities are located or any county treasury of the group of counties as designated by the joint powers board. Payments from the fund shall only be made upon certification of the chair or board designee that the expenditures have been approved at a meeting of the board.*

Sec. 8. Minnesota Statutes 1990, section 469.004, subdivision 1, is amended to read:

Subdivision 1. [PRELIMINARY COUNTY FINDINGS AND DECLARATION.] There is created in each county in this state ~~other than Ramsey and~~ other than those counties in which a county housing authority has been created by special act, a public body, corporate and politic, to be known as the housing and redevelopment authority of that county, hereinafter referred to as "county authority." No county authority shall transact any business or exercise any powers until the governing body of the county, by resolution, finds that there is need for a county authority to function in the county. The governing body shall consider the need for a county authority to function (1) on the governing body's own motion or (2) upon the filing of a petition signed by 25 qualified voters of the county asserting that there is need for a county authority to function in the county and requesting that the governing body so declare. The governing body shall adopt a resolution declaring that there is need for a county authority to function in the county

if it makes the findings required in section 469.003, subdivision 1.

Sec. 9. Minnesota Statutes 1990, section 469.004, is amended by adding a subdivision to read:

Subd. 1a. [RAMSEY COUNTY AUTHORITY.] *Ramsey county may exercise the powers of a housing and redevelopment authority. Before the commencement of a project by Ramsey county acting as a housing and redevelopment authority, the governing body of the municipality in which the project is to be located shall, by majority vote, approve the project as recommended by the authority.*

Sec. 10. Minnesota Statutes 1990, section 469.034, is amended to read:

469.034 [BOND ISSUE FOR CORPORATE PURPOSES.]

Subdivision 1. [AUTHORITY AND REVENUE OBLIGATIONS.] An authority may issue bonds for any of its corporate purposes. The bonds may be the type the authority determines, including bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds. The bonds may be additionally secured by (1) a pledge of any grant or contributions from the federal government or other source, or (2) a pledge of any income or revenues of the authority from the project for which the proceeds of the bonds are to be used, or (3) a mortgage of any project or other property of the authority.

Subd. 2. [GENERAL OBLIGATION REVENUE BONDS.] *(a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475 and the authority shall be the municipality, except the obligations are not subject to approval by the electors.*

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the taxable market value of the general jurisdiction governmental unit whose general obligation which includes a tax on property is pledged or (2) $3,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction

governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

"Qualified housing development project" means a housing development project providing housing for persons and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the nonmetropolitan county or standard metropolitan statistical area in which the project is located, as the case may be, or for elderly persons. Other persons and families with incomes in excess of such limit may be admitted to a project if the authority finds that (1) due to changes in population or other unforeseen circumstances occurring after the initial finding of adequate revenues made upon issuance of the bonds, the project is experiencing unanticipated vacancies resulting in insufficient revenues and (2) a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if such other persons and families are not admitted to the project.

Subd. 3. [REVENUE FROM OTHER PROJECTS.] No proceeds of bonds issued for or revenue authorized for or derived from any redevelopment project or area shall be used to pay the bonds or costs of, or make contributions or loans to, any public housing project. The proceeds of bonds issued for or revenues authorized for or derived from any one public housing project shall not be used to pay the bonds or costs of, or make contributions or loans to any other public housing project until the bonds and costs of the public housing project for which those bonds were issued or from which those revenues were derived or for which they were authorized shall be fully paid.

Subd. 4. [BOND TERMS.] Neither the commissioners of an authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. *Except as provided in subdivision 2,* the bonds of an authority shall not be a debt of the city, the state, or any political subdivision, and neither the city nor the state or any political subdivision shall be liable on them, nor shall the bonds be payable out of any funds or properties other than those of the authority; the bonds shall state this on their face. The bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, *except as provided in subdivision 2.* Bonds of an authority are declared to be issued for an essential public and governmental purpose and to be public instrumentalities.

Subd. 5. [TAX EXEMPTION.] The provisions of sections 469.001 to 469.047 exempting from taxation authorities, their properties and income, shall be considered additional security for the repayment of bonds and shall constitute, by virtue of sections 469.001 to 469.047 and without the same being restated in the bonds, a contract between the (1) bondholders and each of them, including all transferees of the bonds, and (2) the respective authorities issuing the bonds and the state. An authority may by covenant confer upon the holder of the bonds the rights and remedies it deems necessary or advisable, including the right in the event of default to have a receiver appointed to take possession of and operate the project. When the obligations issued by an authority to assist in financing the development of a project have been retired and federal contributions have been discontinued, the exemptions from taxes and special assessments for that project shall terminate.

Sec. 11. Minnesota Statutes 1990, section 469.153, subdivision 2, is amended to read:

Subd. 2. [PROJECT.] (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field; (2) any properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching, and other electronic equipment and administrative, data processing, garage, and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities, and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type that may be acquired under section 471.191, and related facilities.

(d) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities.

(e) "Project" does not include any property to be sold or to be affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

(f) "Project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale, or leasing of equipment or products to be used in gathering, processing, generating, transmitting, or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential, commercial, industrial, or governmental entity in heating, cooling, or otherwise providing energy for a facility owned or operated by that person or entity.

(g) "Project" also includes any properties, real or personal, used or useful in connection with a county jail ~~or~~, county regional jail, *community corrections facilities authorized by chapter 401, or other law enforcement facilities*, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 469.155, subdivisions 7

and 13, do not apply to those projects.

(h) "Project" also includes any real properties used or useful in furtherance of the purposes and policies of sections 469.135 to 469.141.

(i) "Project" also includes related facilities as defined by section 471A.02, subdivision 11.

(j) "Project" also includes an undertaking to purchase the obligations of local governments located in whole or in part within the boundaries of the municipality that are issued or to be issued for public purposes.

Sec. 12. Minnesota Statutes 1990, section 641.24, is amended to read:

641.24 [LEASING.]

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter ~~462~~ *469* or any special law whereby the city or county housing and redevelopment authority will construct a jail *or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies*, in accordance with plans prepared by or at the request of the county board and, *when required*, approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the ~~jail~~ site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter ~~474~~ *469*, and all proceedings shall be taken by the city or county housing and redevelopment authority and the county in the manner and with the force and effect provided in chapter ~~474~~ *469*; provided that:

(1) no tax shall be imposed upon or in lieu of a tax upon the property;

(2) the approval of the project by the commissioner of commerce shall not be required;

(3) the department of corrections shall be furnished and shall record such information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of trade and economic development;

(4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the market value of property within the county, as last finally equalized before the execution of the agreement;

(5) the county board shall provide for the payment of all rentals due during the term of the lease, in the manner required in section 641.264, subdivision 2;

(6) no mortgage on the ~~jail~~ property shall be granted for the security of the bonds, but compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the county board; and

(7) the county board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail *or other law enforcement facility*.

Sec. 13. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, section 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, and Laws 1988, chapter 513, section 1, is amended to read:

Subd. 2. For each of the years through ~~1993, inclusive~~ *1998*, the city of St. Paul is authorized to issue bonds in the aggregate principal amount of $8,000,000 for each year; or in an amount equal to one-fourth of one percent of the assessors estimated market value of taxable property in St. Paul, whichever is greater, provided that no more than $8,000,000 of bonds is authorized to be issued in any year, unless St. Paul's local general obligation debt as defined in this section is less than six percent of market value calculated as of December 31 of the preceding year; but at no time shall the aggregate principal amount of bonds authorized exceed ~~$11,300,000 in 1987, $12,000,000 in 1988, $13,300,000 in 1989, $14,000,000 in 1990, $14,800,000 in 1991,~~ $15,700,000 in 1992, ~~and~~ $16,600,000 in 1993, *$16,600,000 in 1994, $16,600,000 in 1995, $17,500,000 in 1996, $17,500,000 in 1997, and $18,000,000 in 1998*.

Sec. 14. Laws 1971, chapter 773, section 2, as amended by Laws 1978, chapter 788, section 2, Laws 1983, chapter 302, section 2, and Laws 1988, chapter 513, section 2, is amended to read:

Sec. 2. The proceeds of all bonds issued pursuant to section 1 hereof shall be used exclusively for the acquisition, construction, and repair of capital improvements and, commencing in the year ~~1989~~ *1992* and notwithstanding any provision in Laws 1978, chapter 788, section 5, as amended, for redevelopment project activities as defined in Minnesota Statutes, section 469.002, subdivision 14, in accordance with Minnesota Statutes, section 469.041, clause (6). The amount of proceeds of bonds authorized by section 1 used for redevelopment project activities shall not exceed ~~$530,000 in 1988, $560,000 in 1989, $590,000 in 1990, $620,000 in 1991,~~ $655,000 in 1992, ~~and~~ $690,000 in 1993, *$690,000 in 1994, $690,000 in 1995, $700,000 in 1996, $700,000 in 1997, and $725,000 in 1998*.

None of the proceeds of any bonds so issued shall be expended except upon projects which have been reviewed, and have received a priority rating, from a capital improvements committee consisting of 18 members, of whom a majority shall not hold any paid office or position under the city of St. Paul. The members shall be appointed by the mayor, with at least four members from each Minnesota senate district located entirely within the city and at least two members from each senate district located partly within the city. Prior to making an appointment to a vacancy on the capital improvement budget committee, the mayor shall consult the legislators of the senate district in which the vacancy occurs. The priorities and recommendations of the committee shall be purely advisory, and no buyer of any bonds shall be required to see to the application of the proceeds.

Sec. 15. [SPECIAL SERVICE DISTRICT; CITY OF HUTCHINSON.]

Subdivision 1. [SPECIAL SERVICES DEFINED.] *For purposes of this section, "special services" means all services rendered or contracted for by the city of Hutchinson, including, but not limited to:*

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city;

(3) development and promotional services rendered or contracted for by the city; and

(4) any other service or improvement provided by the city or development authority that is authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] *The governing body of the city of Hutchinson may adopt an ordinance establishing a special service district to be operated by the city of Hutchinson. Minnesota Statutes, chapter 428A, governs the establishment and operation of special service districts in the city.*

Sec. 16. [CITY OF MINNEAPOLIS; PLAZA AND PARKING BONDS.]

Subdivision 1. [ISSUANCE AUTHORIZED.] *The city of Minneapolis may issue and sell general obligation bonds for the acquisition of land for and the construction of:*

(a) a plaza and public parking facility adjacent to a federal courts facility to be located in downtown Minneapolis;

(b) a city garage and parking facility to replace facilities located on property to be used for the federal courts facility; and

(c) a connecting tunnel and other appurtenant facilities.

Subd. 2. [CONDITIONS.] *The bonds shall be issued and sold pursuant to Minnesota Statutes, chapter 475, except that the bonds are not subject to the election requirements of chapter 475 or the charter of the city regardless of the amount of the bonds. The bonds shall not be included in computing the net debt of the city under law or charter. The powers granted by this section are in addition to the powers which the city may exercise under other law or charter.*

Sec. 17. [APPROPRIATION.]

$1,000,000 is appropriated from the general fund to the commissioner of the Minnesota housing finance agency to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section. $1,000,000 is appropriated from the general fund to the commissioner of the Minnesota housing finance agency to be used for acquisition and rehabilitation of blighted residential property as provided in Minnesota Statutes, section 462A.05, subdivision 37.

Sec. 18. [REPEALER.]

Section 1 is repealed, effective for taxable years beginning after December 31, 1993.

Minnesota Statutes 1990, section 298.24, subdivision 4, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Section 5 is effective for certificates of indebtedness issued after the day of final enactment. Sections 6, 7, 11, and 12 are effective on the day following final enactment.

ARTICLE 9

MISCELLANEOUS

Section 1. [8.17] [STATE COLLECTIONS.]

By September 1, 1992, the attorney general and commissioners of finance and revenue shall review and evaluate the state's collection of debts and obligations and report their findings to the legislative commission on planning and fiscal policy. The attorney general and the commissioners shall identify improved methods for coordinating the implementation of systems, procedures, and policies, that are appropriate for the state's fair and efficient collection of debts and obligations, including but not limited to:

(1) establishment of a redesigned collection system to collect debts and obligations including options for organizational changes and improvements; and

(2) adoption and implementation of policies and procedures to govern the timing and circumstances whereby debts and obligations, and information necessary for the collections of such debts and obligations are transferred to the redesigned collection system by the various agencies of the state.

The legislative commission on planning and fiscal policy may authorize the development of a pilot collections project to implement the recommendations of the attorney general and the commissioners. The pilot project may support centralized activities or improved collections in a decentralized model. The pilot project may work with accounts receivable collections in up to three agencies.

A revolving fund is established to support implementation of this pilot including start-up costs. Money initially collected by the system shall be deposited in the fund until start-up costs of the pilot are recovered and thereafter up to 25 percent of the money collected may be deposited in the fund. Prior to accessing any revolving fund mechanism, the pilot project must supply a work plan and budget to the legislative commission on planning and fiscal policy. The budget shall include projects of additional collections realized as a result of the pilot.

The pilot project shall end April 1, 1994, at which time the project shall indicate the measurable collections improvements and increases resulting from the effort. The attorney general and the commissioners may publish a request for proposals that provide that initial staffing and operating costs of the system to be advanced by a contractor to the state. Data transferred to the system shall be subject to section 13.03, subdivision 4.

Sec. 2. Minnesota Statutes 1991 Supplement, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance shall transfer from the budget and cash flow reserve account the amount necessary to bring the total amount, including any existing balance in the account on ~~June 30, 1991~~ *July 1, 1992*, to ~~$400,000,000~~ *$260,000,000*. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 3. Minnesota Statutes 1990, section 270.07, subdivision 3, is amended to read:

Subd. 3. Notwithstanding any other provision of law the commissioner of revenue may,

(a) based upon the administrative costs of processing, determine minimum standards for the determination of additional tax for which an order shall be issued, and

(b) based upon collection costs as compared to the amount of tax involved, determine minimum standards of collection, and

(c) based upon the administrative costs of processing, determine the minimum amount of refunds for which an order shall be issued and refund made where no claim therefor has been filed, and

(d) ~~may~~ cancel any amounts below these minimum standards determined under (a) and (b) hereof~~.~~, *and*

(e) based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The department of corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

Sec. 4. Minnesota Statutes 1990, section 270.69, is amended by adding a subdivision to read:

Subd. 14. [REGISTERED LAND.] *When a lien is filed with a county recorder under subdivision 2, the county recorder shall search the registered land records in that county and cause the lien to be memorialized on every certificate of title or certificate of possessory title of registered land in that county which can be reasonably identified as owned by the taxpayer who is named on the lien. The fees for memorializing the lien shall be paid in the manner prescribed by subdivision 2, paragraph (c). The county recorders, and their employees and agents, shall not be liable for any loss or damages arising from failure to identify a parcel of registered land owned by the taxpayer who is named on the lien.*

Sec. 5. Minnesota Statutes 1990, section 282.016, is amended to read:

282.016 [PROHIBITED PURCHASERS.]

No county auditor, county treasurer, court administrator of the district court, or county assessor or supervisor of assessments, or deputy or clerk or employee of such officer, and no commissioner for tax-forfeited lands or assistant to such commissioner may become a purchaser of the properties offered for sale under the provisions of this chapter, either personally, or as agent or attorney for any other person, except that such officer, deputy, court administrator, employee or commissioner for tax-forfeited lands or

assistant to such commissioner may *(1)* purchase lands owned by that official at the time the state became the absolute owner thereof *or (2) bid upon and purchase forfeited property offered for sale under the alternate sale procedure described in section 282.01, subdivision 7a.*

Sec. 6. Minnesota Statutes 1991 Supplement, section 290.06, subdivision 23, is amended to read:

Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed $50 and, for a married couple filing jointly, must not exceed $100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair. A claim must be filed with the commissioner not sooner than ~~September~~ *January* 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. "Candidate" means a congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office. "Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 7. Minnesota Statutes 1991 Supplement, section 508.25, is amended to read:

508.25 [RIGHTS OF PERSON HOLDING CERTIFICATE OF TITLE.]

Every person receiving a certificate of title pursuant to a decree of registration and every subsequent purchaser of registered land who receives a certificate of title in good faith and for a valuable consideration shall hold it free from all encumbrances and adverse claims, excepting only the estates, mortgages, liens, charges, and interests as may be noted in the last certificate of title in the office of the registrar, and also excepting any of the following rights or encumbrances subsisting against it, if any:

(1) liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) the lien of any real property tax or special assessment for which the land has not been sold at the date of the certificate of title;

(3) any lease for a period not exceeding three years when there is actual occupation of the premises thereunder;

(4) all rights in public highways upon the land;

(5) the right of appeal, or right to appear and contest the application, as is allowed by this chapter;

(6) the rights of any person in possession under deed or contract for deed from the owner of the certificate of title; *and*

(7) any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; ~~and~~

~~(8) any lien for state taxes~~.

No existing or future lien for state taxes arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue may encumber title to lands registered under this chapter unless filed under the terms of this chapter.

Sec. 8. Minnesota Statutes 1991 Supplement, section 508A.25, is amended to read:

508A.25 [RIGHTS OF PERSON HOLDING CPT.]

Every person holding a CPT issued pursuant to sections 508A.01 to 508A.85 who has acquired title in good faith and for a valuable consideration shall hold the same free from all encumbrances and adverse claims, excepting only estates, mortgages, liens, charges, and interests as may be noted by separate memorials in the latest CPT in the office of the registrar, and also excepting the memorial provided in section 508A.351 and any of the following rights or encumbrances subsisting against the same, if any:

(1) Liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) The lien of any real property tax or special assessment for which the land has not been sold at the date of the CPT;

(3) Any lease for a period not exceeding three years when there is actual occupation of the premises under it;

(4) All rights in public highways upon the land;

(5) The rights of any person in possession under deed or contract for deed from the owner of the CPT;

(6) Any liens, encumbrances, and other interests that may be contained in the examiner's supplemental directive issued pursuant to section 508A.22, subdivision 2;

(7) Any claims that may be made pursuant to section 508A.17 within five years from the date the examiner's supplemental directive is filed on the CPT; *and*

(8) Any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; ~~and~~

~~(9) any lien for state taxes~~.

No existing or future lien for state taxes arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue may encumber title to lands registered under this chapter unless filed under the terms of this chapter.

Sec. 9. Minnesota Statutes 1991 Supplement, section 611.27, subdivision 7, is amended to read:

Subd. 7. [PUBLIC DEFENDER SERVICES; RESPONSIBILITY.] Notwithstanding subdivision 4, the state's obligation for the costs of the public defender services is limited to the appropriations made to the board of public defense. ~~Services and expenses beyond those appropriated for shall be the responsibility of the counties within a judicial district. Expenses shall be distributed among the counties in proportion to their populations.~~ *Costs that are incurred by the board of public defense beyond that which is appropriated shall be presented to the legislative advisory commission for consideration.*

Sec. 10. [EFFECTIVE DATE.]

Section 3 is effective from the day following final enactment until December 31, 1994.

Section 4 is effective for liens filed on or after the day following final enactment.

Section 6 is effective for contributions made after the date of final enactment.

Sections 7 and 8 are effective retroactively to December 31, 1991."

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; revising the operation of the local government trust fund; abolishing the advisory commission on intergovernmental relations; modifying the administration, computation, collection, and enforcement of taxes; imposing taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying aids to local governments; authorizing and modifying provisions relating to property tax classifications and levies; reducing the amount in the budget and cash flow reserve account; authorizing imposition of local taxes; updating references to the Internal Revenue Code; modifying provisions relating to political campaign contribution refunds;

changing certain bonding and local government finance provisions; changing definitions; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, school districts, special taxing districts, and watershed districts; appropriating money; amending Minnesota Statutes 1990, sections 60A.15, subdivision 1; 60A.19, subdivision 6; 103B.241; 103B.255, by adding a subdivision; 103B.335; 216C.06, by adding a subdivision; 270.07, subdivision 3; 270.075, subdivision 1; 270.69, by adding a subdivision; 270A.05; 270A.07, subdivisions 1 and 2; 270A.11; 270B.01, subdivision 8; 273.1104, subdivision 1; 273.112, subdivisions 1, 2, 3, and 4; 273.135, subdivision 2; 273.1391, subdivision 2; 274.19, subdivision 8; 274.20, subdivisions 1 and 2; 275.065, subdivisions 1a and 4; 275.125, subdivision 10; 278.02; 279.37, subdivision 1; 281.23, subdivision 8; 282.016; 282.09, subdivision 1; 282.36; 289A.11, subdivision 3; 289A.26, subdivisions 3, 4, 7, and 9; 289A.50, subdivision 5; 290.05, subdivision 4; 290.091, subdivision 6; 290.9201, subdivision 11; 290.923, by adding a subdivision; 290A.03, subdivision 8; 290A.19; 290A.23; 297A.07; 297A.14, subdivision 1; 297A.15, subdivisions 5 and 6; 297A.25, subdivisions 11, 24, 34, 45, and by adding subdivisions; 298.24, subdivision 1; 298.28, by adding a subdivision; 299F.21, subdivision 1; 381.12, subdivision 2; 383.06; 401.02, subdivision 3; 401.05; 469.004, subdivision 1, and by adding a subdivision; 469.034; 469.153, subdivision 2; 469.177, subdivision 1a; 473.446, subdivision 1; 473.711, subdivision 2; 473.714; 473H.10, subdivision 3; 477A.015; 488A.20, subdivision 4; 541.07; and 641.24; Minnesota Statutes 1991 Supplement, sections 16A.15, subdivision 6; 16A.711, subdivisions 3, 4, and by adding a subdivision; 124A.23, subdivision 1; 256.025, subdivisions 3 and 4; 270A.04, subdivision 2; 270A.08, subdivision 2; 272.02, subdivision 1; 273.124, subdivisions 1 and 6; 273.13, subdivisions 22 and 25, as amended; 273.1398, subdivisions 6 and 7; 273.1399; 275.065, subdivisions 1, 3, 5a, and 6; 275.125, subdivision 5; 277.01, subdivision 1; 277.17; 278.01, subdivision 1; 279.03, subdivision 1a; 281.17; 289A.20, subdivisions 1 and 4; 289A.26, subdivisions 1 and 6; 289A.37, subdivision 1; 290.01, subdivision 19; 290.05, subdivision 3; 290.06, subdivision 3; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 8; 290.0922, subdivision 1; 290A.04, subdivision 2h; 297A.135, subdivision 1, and by adding a subdivision; 297A.14, subdivision 3; 297A.25, subdivision 12, as amended; 297A.44, subdivision 4; 375.192, subdivision 2; 423A.02, subdivision 1a; 477A.012, subdivision 6; 477A.013, subdivisions 1 and 3; 508.25; 508A.25; and 611.27, subdivision 7; Laws 1971, chapter 773, sections 1, subdivision 2, as amended; and 2, as amended; Laws 1991, chapter 291, articles 1, section 65; and 7, section 27; proposing coding for new law in Minnesota Statutes, chapters 8; 13; 16A; 273; 289A; 290; 297A; 298; and 477A; repealing Minnesota Statutes 1990, sections 60A.15, subdivision 6; 275.065, subdivision 1b; 278.01, subdivision 2; 289A.12, subdivision 1; 290.48, subdivision 7; 297.32, subdivision 7; and 298.24, subdivision 4; Minnesota Statutes 1991 Supplement, sections 3.862; 47.209; 273.124, subdivision 15; and 295.367; and Laws 1991, chapter 291, article 2, section 3."

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

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

S.F. No. 897: A bill for an act relating to traffic regulations; providing misdemeanor penalties for persons who refuse to submit to a chemical test

to determine if the person is under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1990, sections 169.121, subdivisions 1a, 3, and 3b; and 169.123, subdivision 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

DRIVING WHILE INTOXICATED PROVISIONS

Section 1. Minnesota Statutes 1990, section 168.042, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "Violator" means a person who was driving, operating, or in physical control of the motor vehicle when the violation occurred.

(c) "Violation" means:

(1) a violation of section 169.123 or an impaired driving conviction as defined in section 169.121, subdivision 3, that results in the revocation of a person's driver's license or driving privileges, and also includes an alcohol-related license revocation from another state;

(2) a violation of section 169.129; and

(3) a violation of section 171.24 by a person whose driver's license or driving privileges have been canceled under section 171.04, clause (8).

Sec. 2. Minnesota Statutes 1990, section 168.042, subdivision 2, is amended to read:

Subd. 2. [VIOLATION; ISSUANCE OF IMPOUNDMENT ORDER.] The commissioner shall issue a registration plate impoundment order when:

(1) a person's driver's license or driving privileges are revoked for a third violation, *as defined in subdivision 1, paragraph (c), clause (1),* within five years or a fourth or subsequent violation, *as defined in subdivision 1, paragraph (c), clause (1),* within ~~ten~~ *15* years; *or*

(2) a person is arrested for or charged with a violation described in subdivision 1, paragraph (c), clause (2) or (3).

The order shall require the impoundment of the registration plates of the vehicle involved in the violation and all vehicles owned by, registered, or leased in the name of the violator, including vehicles registered jointly or leased in the name of the violator and another. An impoundment order shall not be issued for the registration plates of a rental vehicle as defined in section 168.041, subdivision 10, or a vehicle registered in another state.

Sec. 3. Minnesota Statutes 1990, section 168.042, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICER AS AGENT FOR NOTICE OF IMPOUNDMENT.] ~~(a)~~ On behalf of the commissioner, a peace officer issuing a notice of intent to revoke and of revocation under section 169.123 shall also serve a notice of intent to impound and an order of impoundment if the violation is the third violation, *as defined in subdivision 1, paragraph (c), clause (1),* within five years or the fourth or subsequent violation, *as defined in*

subdivision 1, paragraph (c), clause (1), within ~~ten~~ *15* years. *On behalf of the commissioner, a peace officer who is arresting a person for or charging a person with a violation described in subdivision 1, paragraph (c), clause (2) or (3), shall also serve a notice of intent to impound and an order of impoundment.* If the vehicle involved in the violation is accessible to the officer at the time the impoundment order is issued, the officer shall seize the registration plates subject to the impoundment order. The officer shall destroy all plates seized or impounded under this section. The officer shall send to the commissioner copies of the notice of intent to impound and the order of impoundment and a notice that registration plates impounded and seized under this section have been destroyed.

Sec. 4. Minnesota Statutes 1990, section 168.042, subdivision 10, is amended to read:

Subd. 10. [PETITION FOR JUDICIAL REVIEW.] (a) Within 30 days following receipt of a notice and order of impoundment under this section, a person may petition the court for review. The petition must include the petitioner's date of birth, driver's license number, and date of the violation. The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order for impoundment. The petition may be combined with any petition filed under section 169.123, subdivision 5c.

(b) Except as otherwise provided in this section, the judicial review and hearing are governed by section 169.123, subdivisions 5c and 6, and shall take place at the same time as any judicial review of the person's license revocation under section 169.123. The filing of the petition shall not stay the impoundment order. The reviewing court may order a stay of the balance of the impoundment period if the hearing has not been conducted within 60 days after filing of the petition upon terms the court deems proper. The court shall order either that the impoundment be rescinded or sustained, and forward the order to the commissioner of public safety. The court shall file its order within 14 days following the hearing.

(c) In addition to the issues described in section 169.123, subdivision ~~5c~~ 6, the scope of a hearing under this subdivision is limited to:

(1) whether the violator owns, is the registered owner of, possesses, or has access to the vehicle used in the violation; ~~and~~

(2) whether a member of the violator's household has a valid driver's license, the violator or registered owner has a limited license issued under section 171.30, the registered owner is not the violator and the registered owner has a valid or limited driver's license, or a member of the registered owner's household has a valid driver's license; *and*

(3) if the impoundment is based on a violation described in subdivision 1, paragraph (c), clause (2) or (3), whether the peace officer had probable cause to believe the violator committed the violation and whether the evidence demonstrates that the violation occurred.

(d) In a hearing under this subdivision, the following shall be admissible in evidence:

(1) certified copies of the violator's driving record; and

(2) certified copies of vehicle registration records bearing the violator's name.

Sec. 5. Minnesota Statutes 1990, section 168.042, subdivision 11, is

amended to read:

Subd. 11. [RESCISSION OF REVOCATION ~~AND~~; *DISMISSAL OF CHARGES OR ACQUITTAL;* ISSUANCE OF NEW PLATES.] If the driver's license revocation that is the basis for an impoundment order is rescinded, the registrar of motor vehicles shall issue new registration plates for the vehicle at no cost, when the registrar receives an application that includes a copy of the order rescinding the driver's license revocation. *If the impoundment order was based on a violation described in subdivision 1, paragraph (c), clause (2) or (3), and the charges have been dismissed with prejudice or the violator has been acquitted of the violation, the registrar of motor vehicles shall issue new registration plates for the vehicle at no cost, when the registrar receives an application that includes a copy of the order dismissing the charges or a copy of the judgment of acquittal.*

Sec. 6. Minnesota Statutes 1990, section 169.121, subdivision 1a, is amended to read:

Subd. 1a. [REFUSAL TO SUBMIT TO TESTING; CRIME.] It is a crime for any person to refuse to submit to a chemical test of the person's blood, breath, or urine under section 169.123 ~~if the person's driver's license has been suspended, revoked, canceled, or denied once within the past five years, or two or more times within the past ten years, under any of the following: this section or section 169.123; section 171.04, 171.14, 171.16, 171.17, or 171.18 because of an alcohol-related incident; section 609.21, subdivision 1, clause (2) or (3); 609.21, subdivision 2, clause (2) or (3); 609.21, subdivision 3, clause (2) or (3); or 609.21, subdivision 4, clause (2) or (3)~~.

Sec. 7. Minnesota Statutes 1990, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) *As used in this subdivision:*

(1) "prior impaired driving conviction" means a prior conviction under this section; section 84.91, subdivision 1, paragraph (a); 86B.331, subdivision 1, paragraph (a); 169.129; 360.0752; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); 609.21, subdivision 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult; and

(2) "prior license revocation" means a driver's license suspension, revocation, or cancellation under this section; sections 169.123; 171.04; 171.14; 171.16; 171.17; or 171.18 because of an alcohol-related incident; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

(b) A person who violates subdivision 1 or *1a, or* an ordinance in conformity with ~~it~~ *either of them,* is guilty of a misdemeanor.

~~(b)~~ *(c)* A person is guilty of a gross misdemeanor ~~who~~ *under any of the following circumstances:*

(1) the person violates subdivision 1 ~~or an ordinance in conformity with it~~ within five years of a prior impaired driving conviction, or within ten

years of the first of two or more prior impaired driving convictions.

~~For purposes of this paragraph, a prior impaired driving conviction is a prior conviction under this section, section 84.91, subdivision 1, paragraph (a), 169.129, 360.0752, 361.12, subdivision 1, paragraph (a), 609.21, subdivision 1, clause (2) or (3), 609.21, subdivision 2, clause (2) or (3), 609.21, subdivision 3, clause (2) or (3), 609.21, subdivision 4, clause (2) or (3), or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult.~~

~~(c) A person who violates subdivision 1a is guilty of a gross misdemeanor.~~;

(2) the person violates subdivision 1a within five years of a prior license revocation, or within ten years of the first of two or more prior license revocations; or

(3) the person violates section 169.26 while in violation of subdivision 1.

(d) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations of this section.

When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

~~(e) A person is guilty of a gross misdemeanor if the person violates section 169.26 while in violation of subdivision 1.~~

Sec. 8. Minnesota Statutes 1990, section 169.121, subdivision 3a, is amended to read:

Subd. 3a. [HABITUAL OFFENDER PENALTIES.] (a) If a person has been convicted under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them, and if the person is then convicted of ~~violating~~ *a gross misdemeanor violation of* this section, *a violation of section 169.129*, or an ordinance in conformity with ~~it~~ *either of them* (1) once within five years after the first conviction or (2) two or more times within ten years after the first conviction, the person must be sentenced to a minimum of 30 days imprisonment or to eight hours of community work service for each day less than 30 days that the person is ordered to serve in jail. Notwithstanding section 609.135, the above sentence must be executed, unless the court departs from the mandatory minimum sentence under paragraph (b) or (c).

(b) Prior to sentencing the prosecutor may file a motion to have the defendant sentenced without regard to the mandatory minimum sentence established by this subdivision. The motion must be accompanied by a statement on the record of the reasons for it. When presented with the prosecutor's motion and if it finds that substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum term of imprisonment established by this subdivision.

(c) The court may, on its own motion, sentence the defendant without

regard to the mandatory minimum term of imprisonment established by this subdivision if it finds that substantial mitigating factors exist and if its sentencing departure is accompanied by a statement on the record of the reasons for it.

(d) When any portion of the sentence required by this subdivision is not executed, the court should impose a sentence that is proportional to the extent of the offender's prior criminal and moving traffic violation record.

Sec. 9. Minnesota Statutes 1990, section 169.121, subdivision 3b, is amended to read:

Subd. 3b. [HABITUAL OFFENDERS; CHEMICAL USE ASSESSMENT.] If a person has been convicted under subdivision 1, *subdivision 1a*, section 169.129, an ordinance in conformity with ~~either~~ *any* of them, or a statute or ordinance from another state in conformity with ~~either~~ *any* of them, and if the person is then convicted of violating subdivision 1, *subdivision 1a*, section 169.129, or an ordinance in conformity with ~~either~~ *any* of them (1) once within five years of the first conviction or (2) two or more times within ten years after the first conviction, the court must order the person to submit to the level of care recommended in the chemical use assessment required under section 169.126.

~~If a person is convicted under section 169.121, subdivision 1a, the court shall order the person to submit to the level of care recommended in the chemical use assessment report required under section 169.126.~~

Sec. 10. Minnesota Statutes 1990, section 169.121, subdivision 3c, is amended to read:

Subd. 3c. [NOTICE OF ENHANCED PENALTIES.] When a court sentences a person for a misdemeanor *or gross misdemeanor* violation of this section, it shall inform the defendant of the statutory provisions that provide for enhancement of criminal penalties for repeat violators. The failure of a court to provide this information to a defendant does not affect the future applicability of these enhanced penalties to that defendant.

Sec. 11. Minnesota Statutes 1990, section 169.121, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE PENALTIES.] *(a)* The commissioner of public safety shall revoke the driver's license of a person convicted of violating this section or an ordinance in conformity with it as follows:

~~(a)~~ *(1)* First offense *under subdivision 1*: not less than 30 days;

(2) First offense under subdivision 1a: not less than 90 days;

~~(b)~~ *(3)* Second offense in less than five years: *(i) if the current conviction is for a violation of subdivision 1*, not less than ~~90~~ *180* days and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126*; or (ii) if the current conviction is for a violation of subdivision 1a, not less than one year and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126*;

~~(c)~~ *(4)* Third offense in less than five years: not less than one year, together with denial under section 171.04, clause (8), until rehabilitation is established in accordance with standards established by the commissioner;

~~(d)~~ *(5)* Fourth or subsequent offense on the record: not less than two years, together with denial under section 171.04, clause (8), until rehabilitation is established in accordance with standards established by the commissioner.

(b) If the person convicted of violating this section is under the age of 18 years, the commissioner of public safety shall revoke the offender's driver's license or operating privileges until the offender reaches the age of 18 years or for a period of six months or for the appropriate period of time under *paragraph (a)*, clauses ~~(a)~~ *(1)* to ~~(d)~~ *(5)*, for the offense committed, whichever is the greatest period.

(c) For purposes of this subdivision, a juvenile adjudication under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them is an offense.

(d) Whenever department records show that the violation involved personal injury or death to any person, not less than 90 additional days shall be added to the base periods provided above.

(e) Any person whose license has been revoked pursuant to section 169.123 as the result of the same incident is ~~not~~ subject to the mandatory revocation provisions of ~~clause (a) or (b)~~ *paragraph (a), clause (1) or (2), in lieu of the mandatory revocation provisions of section 169.123*.

Sec. 12. Minnesota Statutes 1990, section 169.121, subdivision 5, is amended to read:

Subd. 5. Except as otherwise provided in subdivision 3b, when a court sentences a person convicted of ~~violating~~ *a misdemeanor or gross misdemeanor violation of* this section, section 169.129, or an ordinance in conformity with either of them, the court may stay imposition or execution of any sentence authorized by subdivision 3 or 4, except the revocation of the driver's license, on the condition that the convicted person submit to the level of care recommended in the chemical use assessment report required under section 169.126. If the court does not order a level of care in accordance with the assessment report recommendation as a condition of a stay of imposition or execution, it shall state on the record its reasons for not following the assessment report recommendation. A stay of imposition or execution shall be in the manner provided in section 609.135. The court shall report to the commissioner of public safety any stay of imposition or execution of sentence granted under the provisions of this section.

Sec. 13. Minnesota Statutes 1991 Supplement, section 169.121, subdivision 5a, is amended to read:

Subd. 5a. [CHEMICAL DEPENDENCY ASSESSMENT CHARGE, SURCHARGE.] When a court sentences a person convicted of an offense enumerated in section 169.126, subdivision 1, it shall impose a chemical dependency assessment charge of ~~$76~~ *$150*. A person shall pay an additional surcharge of $5 if the person is convicted of (i) a violation of section 169.129, or (ii) a violation of this section within five years of a prior impaired driving conviction, as defined in subdivision 3, or a prior conviction for an offense arising out of an arrest for a violation of section 169.121 or 169.129. This section applies when the sentence is executed, stayed, or suspended. The court may not waive payment or authorize payment of the assessment charge and surcharge in installments unless it makes written findings on the record that the convicted person is indigent or that the assessment charge and

surcharge would create undue hardship for the convicted person or that person's immediate family.

The ~~court~~ *county* shall collect and forward to the commissioner of finance ~~the total amount of~~ *$50 of* the chemical dependency assessment charge ~~and surcharge~~ within 60 days after sentencing or explain to the commissioner in writing why the money was not forwarded within this time period. The commissioner shall credit the money to the general fund. *The county shall collect and keep $100 of the chemical dependency assessment charge, and the $5 surcharge, if imposed, and use it to pay for the chemical dependency assessment and report.*

The chemical dependency assessment charge and surcharge required under this section are in addition to the surcharge required by section 609.101.

Sec. 14. [169.1216] [IMPOUNDMENT OF MOTOR VEHICLES UNDER LOCAL ORDINANCE; PREREQUISITES TO REDEMPTION.]

Subdivision 1. [DEFINITION.] *As used in this section, "impoundment" means the removal of a motor vehicle, as defined in section 169.121, subdivision 11, to a storage facility or impound lot as authorized by a local ordinance.*

Subd. 2. [REDEMPTION; PREREQUISITES.] *If a motor vehicle is impounded by a peace officer following the arrest or taking into custody of a driver for a violation of section 169.121, an ordinance in conformity with it, or section 169.129, the impounded vehicle shall only be released from impoundment:*

(1) to the registered owner, a person authorized by the registered owner, a lienholder of record, or a person who has purchased the vehicle from the registered owner, who provides both proof of ownership of the vehicle and proof of insurance required by law to cover the vehicle; or

(2) if the vehicle is subject to a rental or lease agreement, to a renter or lessee who provides a copy of the rental or lease agreement and proof of insurance required by law to cover the vehicle.

Subd. 3. [TO WHOM INFORMATION PROVIDED.] *The proof of ownership and insurance or, where applicable, the copy of the rental or lease agreement required by subdivision 2 shall be provided to the law enforcement agency impounding the vehicle or to a person or entity designated by the law enforcement agency to receive the information.*

Subd. 4. [LIABILITY FOR STORAGE COSTS.] *No law enforcement agency, local unit of government, or state agency is responsible or financially liable for any storage fees incurred due to an impoundment under this section.*

Sec. 15. [169.1217] [FORFEITURE OF MOTOR VEHICLES USED TO COMMIT CERTAIN TRAFFIC OFFENSES.]

Subdivision 1. [DEFINITIONS.] *As used in this section, the following terms have the meanings given them:*

(a) "Appropriate authority" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(b) "Designated offense" includes a violation of section 169.121, an ordinance in conformity with it, or section 169.129:

(1) within five years of three prior impaired driving convictions or three

prior license revocations based on separate incidents;

(2) within 15 years of the first of four or more prior impaired driving convictions or the first of four or more prior license revocations based on separate incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 which provides that the person may not use or consume any amount of alcohol or a controlled substance.

(c) "Motor vehicle" and "vehicle" have the meaning given "motor vehicle" in section 169.121, subdivision 11. The terms do not include a vehicle which is stolen or taken in violation of the law.

(d) "Owner" means the registered owner of the motor vehicle according to records of the department of public safety and includes a lessee of a motor vehicle if the lease agreement has a term of 180 days or more.

(e) "Prior impaired driving conviction" has the meaning given it in section 169.121, subdivision 3.

(f) "Prior license revocation" has the meaning given it in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

Subd. 2. [SEIZURE.] *A motor vehicle subject to forfeiture under this section may be seized by the appropriate agency upon process issued by any court having jurisdiction over the vehicle. Property may be seized without process if:*

(1) the seizure is incident to a lawful arrest or a lawful search;

(2) the vehicle subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this section; or

(3) the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the vehicle. If property is seized without process under clause (3), the prosecuting authority must institute a forfeiture action under this section as soon as is reasonably possible.

Subd. 3. [RIGHT TO POSSESSION VESTS IMMEDIATELY; CUSTODY OF SEIZED VEHICLE.] *All right, title, and interest in a vehicle subject to forfeiture under this section vests in the appropriate agency upon commission of the designated offense giving rise to the forfeiture. Any vehicle seized under this section is not subject to replevin, but is deemed to be in the custody of the appropriate agency subject to the orders and decrees of the court having jurisdiction over the forfeiture proceedings. When a vehicle is so seized, the appropriate agency may:*

(1) place the vehicle under seal;

(2) remove the vehicle to a place designated by it;

(3) place a disabling device on the vehicle; and

(4) take other steps reasonable and necessary to secure the vehicle and prevent waste.

Subd. 4. [BOND BY OWNER FOR POSSESSION.] *If the owner of a vehicle that has been seized under this section seeks possession of the vehicle before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized vehicle. On posting the security or bond, the seized vehicle may be returned to the owner only if a disabling device is attached to the vehicle. The forfeiture action shall proceed against the security as if it were the seized vehicle.*

Subd. 5. [EVIDENCE.] *Certified copies of motor vehicle records concerning prior license revocations are admissible as substantive evidence where necessary to prove the commission of a designated offense.*

Subd. 6. [MOTOR VEHICLES SUBJECT TO FORFEITURE.] *A motor vehicle is subject to forfeiture under this section if it was used in the commission of a designated offense.*

Subd. 7. [LIMITATIONS ON FORFEITURE OF MOTOR VEHICLES.] *(a) A vehicle is subject to forfeiture under this section only if the driver is convicted of the designated offense upon which the forfeiture is based.*

(b) A vehicle encumbered by a bona fide security interest, or subject to a lease that has a term of 180 days or more, is subject to the interest of the secured party or lessor unless the party or lessor had knowledge of or consented to the act upon which the forfeiture is based.

(c) Notwithstanding paragraph (b), the secured party's or lessor's interest in a vehicle is not subject to forfeiture based solely on the secured party's or lessor's knowledge of the act or omission upon which the forfeiture is based if the secured party or lessor took reasonable steps to terminate use of the vehicle by the offender.

(d) A motor vehicle is subject to forfeiture under this section only if its owner knew or should have known of the unlawful use or intended use.

Subd. 8. [FORFEITURE PROCEDURE.] *(a) A motor vehicle used to commit a designated offense is subject to forfeiture under this subdivision.*

(b) A separate complaint shall be filed against the vehicle, describing it, and specifying that it was used in the commission of a designated offense and specifying the time and place of its unlawful use. If the person charged with a designated offense is not convicted of the offense, the court shall dismiss the complaint against the vehicle and order the property returned to the person legally entitled to it. If the lawful ownership of the vehicle used in the commission of a designated offense can be determined and it is found the owner was not privy to commission of a designated offense, the vehicle shall be returned immediately.

Subd. 9. [DISPOSITION OF FORFEITED VEHICLES.] *(a) If the court finds under subdivision 8 that the vehicle is subject to forfeiture, it shall order the appropriate agency to:*

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens

against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture. If the appropriate agency is an agency of state government, the net proceeds must be forwarded to the state treasury and credited to the general fund.

Sec. 16. Minnesota Statutes 1991 Supplement, section 169.123, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION OF TEST.] (a) Any person who drives, operates, or is in physical control of a motor vehicle within this state or upon the ice of any boundary water of this state consents, subject to the provisions of this section and section 169.121, to a chemical test of that person's blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled substance. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a motor vehicle in violation of section 169.121 and one of the following conditions exist:

(1) the person has been lawfully placed under arrest for violation of section 169.121, or an ordinance in conformity with it;

(2) the person has been involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death;

(3) the person has refused to take the screening test provided for by section 169.121, subdivision 6; or

(4) the screening test was administered and ~~recorded~~ *indicated* an alcohol concentration of 0.10 or more.

The test may also be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol.

(b) At the time a test is requested, the person shall be informed:

(1) that Minnesota law requires the person to take a test to determine if the person is under the influence of alcohol or a controlled substance or, if the motor vehicle was a commercial motor vehicle, that Minnesota law requires the person to take a test to determine the presence of alcohol;

(2) ~~that if testing is refused, the person's right to drive will be revoked for a minimum period of one year or, if the person is under the age of 18 years, for a period of one year or until the person reaches the age of 18 years, whichever is greater and, if the vehicle was a commercial motor vehicle, that the person will be disqualified from operating a commercial motor vehicle for a minimum period of one year;~~

~~(3) that if a test is taken and the results indicate an alcohol concentration of 0.10 or more, the person's right to drive will be revoked for a minimum period of 90 days or, if the person is under the age of 18 years, for a period of six months or until the person reaches the age of 18 years, whichever is greater, and, if the vehicle was a commercial motor vehicle, that if the test results indicate the presence of any alcohol, the person will be prohibited from operating a commercial motor vehicle for 24 hours from issuance of an out-of-service order, and if the results indicate an alcohol concentration of 0.04 or more, the person will be disqualified from operating a commercial motor vehicle for a minimum period of one year;~~

~~(4)~~ that ~~whether~~ *refusal to take* a test is ~~taken or refused. the person may be subject to criminal prosecution for an alcohol or controlled substance related driving offense:~~

~~(5) that if testing is refused and the person's right to drive has been revoked once within the past five years or two or more times within the past ten years for an alcohol or controlled substance related driving offense, the person may be subject to criminal prosecution because the person refused testing~~ *a crime*;

~~(6)~~ *(3) if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and*

(4) that ~~after submitting to testing,~~ the person has the right to consult with an attorney ~~and to have additional tests made by someone of the person's own choosing; and~~

~~(7) that if the person refuses to take a test, the refusal may be offered into evidence against the person at trial~~, *but that this right is limited to the extent that it cannot unreasonably delay administration of the test.*

(c) The peace officer who requires a test pursuant to this subdivision may direct whether the test shall be of blood, breath, or urine. Action may be taken against a person who refuses to take a blood test only if an alternative test was offered and action may be taken against a person who refuses to take a urine test only if an alternative test was offered.

Sec. 17. Minnesota Statutes 1990, section 169.123, subdivision 4, is amended to read:

Subd. 4. [REFUSAL; REVOCATION OF LICENSE.] If a person refuses to permit a test, none shall be given, but the peace officer shall report the refusal to the commissioner of public safety and the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred. *However, if a peace officer has probable cause to believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal.* A refusal to submit to an alcohol concentration test does not constitute a violation of section 609.50, unless the refusal was accompanied by force or violence or the threat of force or violence. If a person submits to a test and the test results indicate an alcohol concentration of 0.10 or more, or if a person was driving, operating, or in physical control of a commercial motor vehicle and the test results indicate an alcohol concentration of 0.04 or more, the results of the test shall be reported to the commissioner of public safety and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred.

Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person refused to submit to a test, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year *even if a test was obtained pursuant to this section after the person refused to submit to testing.* Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol and that the person refused to submit to a test, the commissioner shall disqualify the person from operating a commercial motor vehicle for a period of one year under

section 171.165 and shall revoke the person's license or permit to drive or nonresident operating privilege for a period of one year. If the person refusing to submit to testing is under the age of 18 years, the commissioner shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year or until the person reaches the age of 18 years, whichever is greater. Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person submitted to a test and the test results indicate an alcohol concentration of 0.10 or more, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for: *(1)* a period of 90 days; or~~:~~ *(2)* if the person is under the age of 18 years, for a period of six months or until the person reaches the age of 18 years, whichever is greater*; or (3) if the person's driver's license or driving privileges have been revoked within the past five years under this section or section 169.121, for a period of 180 days*. On certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with any presence of alcohol and that the person submitted to a test and the test results indicated an alcohol concentration of 0.04 or more, the commissioner of public safety shall disqualify the person from operating a commercial motor vehicle under section 171.165.

If the person is a resident without a license or permit to operate a motor vehicle in this state, the commissioner of public safety shall deny to the person the issuance of a license or permit for the same period after the date of the alleged violation as provided herein for revocation, subject to review as hereinafter provided.

Sec. 18. Minnesota Statutes 1990, section 169.126, subdivision 1, is amended to read:

Subdivision 1. [CHEMICAL USE ASSESSMENT.] A chemical use assessment shall be conducted and an assessment report submitted to the court *and to the department of public safety* by the county agency administering the alcohol safety program when:

(a) The defendant is convicted of an offense described in section 169.121 or 169.129; or

(b) The defendant is arrested for committing an offense described in section 169.121 or 169.129 but is convicted of another offense arising out of the circumstances surrounding the arrest.

Sec. 19. Minnesota Statutes 1991 Supplement, section 169.126, subdivision 2, is amended to read:

Subd. 2. [REPORT.] (a) The assessment report shall *be on a form prescribed by the commissioner of public safety and shall* contain an evaluation of the convicted defendant concerning the defendant's prior traffic record, characteristics and history of alcohol and chemical use problems, and amenability to rehabilitation through the alcohol safety program. The report shall be classified as private data on individuals as defined in section 13.02, subdivision 12.

(b) The assessment report must include:

(1) a recommended level of care for the offender in accordance with the

criteria contained in rules adopted by the commissioner of human services under section 254A.03, subdivision 3;

(2) recommendations for other appropriate remedial action or care, that may consist of educational programs, one-on-one counseling, a program or type of treatment that addresses mental health concerns, or a combination of them; or

(3) a specific explanation why no level of care or action was recommended.

Sec. 20. Minnesota Statutes 1991 Supplement, section 169.1265, subdivision 3, is amended to read:

Subd. 3. [PROGRAM ELEMENTS.] To be considered for a grant under this section, a county program must contain the following elements:

(1) an initial assessment of the offender's chemical dependency, with recommended treatment and aftercare;

(2) several stages of probation supervision, including:

(i) a period of ~~at least 30 days~~ incarceration in a local or regional detention facility;

(ii) a period during which an offender is, at all times, either working, on home detention, being supervised at a program facility, or traveling between two of these locations;

(iii) a period of home detention; and

(iv) a period of gradually decreasing involvement with the program;

(3) decreasing levels of intensity and contact with probation officials based on the offender's successful participation in the program and compliance with its rules;

(4) a provision for increasing the severity of the program's requirements when an offender offends again or violates the program's rules;

(5) a provision for offenders to continue or seek employment during their period of intensive probation;

(6) a requirement that offenders abstain from alcohol and controlled substances during the probation period; and

(7) a requirement that all or a substantial part of the costs of the program be paid by the offenders.

Sec. 21. Minnesota Statutes 1990, section 169.129, is amended to read:

169.129 [AGGRAVATED VIOLATIONS; PENALTY.]

Any person is guilty of a gross misdemeanor who drives, operates, or is in physical control of a motor vehicle, the operation of which requires a driver's license, within this state or upon the ice of any boundary water of this state in violation of section 169.121 or an ordinance in conformity with it before the person's driver's license or driver's privilege has been reinstated following its cancellation, suspension, revocation, or denial under any of the following: section 169.121 or 169.123; section 171.04, 171.14, 171.16, 171.17, or 171.18 because of an alcohol-related incident; section 609.21, subdivision 1, ~~clause~~ *clauses* (2) ~~or (3)~~ *to (4)*; 609.21, subdivision 2, ~~clause~~ *clauses* (2) ~~or (3)~~ *to (4)*; 609.21, subdivision *2a, clauses (2) to (4); 609.21, subdivision* 3, ~~clause~~ *clauses* (2) ~~or (3)~~ *to (4)*; or 609.21, subdivision 4, ~~clause~~ *clauses* (2) ~~or (3)~~ *to (4)*. ~~Jurisdiction over prosecutions under this~~

~~section is in the county court.~~

Sec. 22. Minnesota Statutes 1991 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. [FEES, ALLOCATION.] (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a $30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a ~~$250~~ *$300* fee before the person's drivers license is reinstated to be credited as follows:

(1) ~~20~~ *17* percent shall be credited to the trunk highway fund;

(2) ~~55~~ *62* percent shall be credited to the general fund;

(3) ~~eight~~ *seven* percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: ~~eight~~ *six* percent for laboratory costs; ~~two~~ *one* percent for carrying out the provisions of section 299C.065;

(4) ~~12~~ *ten* percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for grants to develop alcohol-impaired driver education and chemical abuse prevention programs in elementary and secondary schools. The state board of education shall establish guidelines for the distribution of the grants. At least $70,000 must be awarded in grants to local school districts; and

(5) ~~five~~ *four* percent shall be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. $100,000 is annually appropriated from the account to the commissioner of human services for traumatic brain injury case management services. The remaining money in the account is annually appropriated to the commissioner of health to establish and maintain the traumatic brain injury and spinal cord injury registry created in section 144.662 and to reimburse the commissioner of jobs and training for the reasonable cost of services provided under section 268A.03, clause (o).

Sec. 23. Minnesota Statutes 1991 Supplement, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. [~~180-DAY~~ WAITING ~~PERIOD~~ *PERIODS*.] Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a violation of section 169.121 or 169.123;

(2) 90 days, to a person who submitted to testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123;

(3) 180 days ~~to an individual whose~~, *to a person who refused testing under section 169.123 if the person's* license or privilege has been revoked or suspended for *a second or subsequent violation of section 169.121 or 169.123; or to a person whose license or privilege has been revoked or suspended for* commission of the offense of manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury

under section 609.21.

Sec. 24. Minnesota Statutes 1991 Supplement, section 171.305, subdivision 2, is amended to read:

Subd. 2. [PILOT PROGRAM.] The commissioner shall establish a ~~one-year~~ statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance related incident. ~~After one year~~ The commissioner shall evaluate the program and shall report to the legislature by February 1, ~~1993~~ *1994*, on whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, ~~1992~~ *1993*.

Sec. 25. [DEPARTMENT OF PUBLIC SAFETY; NOTICE CONCERNING CERTAIN PERSONS UNDER DRIVER'S LICENSE CANCELLATION.]

The commissioner of public safety shall develop a program under which the commissioner provides a monthly notice to local law enforcement agencies of the names and addresses of persons residing within the local agency's jurisdiction whose driver's licenses or driving privileges have been canceled under Minnesota Statutes, section 171.04, clause (8). At the commissioner's discretion, the commissioner may adopt necessary procedures so that the information is current and accurate. Data in the notice are private data on individuals and are available to law enforcement agencies.

Sec. 26. [COMMISSION ON CONFINEMENT AND TREATMENT OF DWI RECIDIVISTS.]

Subdivision 1. [MEMBERSHIP.] *The subcommittee on committees in the senate and the speaker of the house of representatives shall appoint up to 18 members to a commission on the confinement and treatment of DWI recidivists. The members shall be chosen to represent the following: legislators, the commissioners of human services, public safety, and corrections, experts in chemical dependency treatment, researchers in matters relating to the driving while intoxicated laws, county commissioners, local corrections officials, the sentencing guidelines commission, city and county attorneys, defense attorneys, private chemical dependency treatment providers, and other interested parties.*

Subd. 2. [SPECIFIC PROPOSAL.] *By January 15, 1993, the commission shall present to the chairs of the committees on the judiciary and health and human services in the senate and house of representatives a specific proposal to provide for the effective treatment, or if treatment is unsuccessful, for confinement for a period of up to five years, to protect society from those who have violated the DWI laws a fourth time within five years or a fifth or subsequent time. The recommendation shall include a means of committing these individuals to treatment, including the potential for confinement as a sanction for leaving or failing treatment, using alcohol or drugs, or reoffending.*

Subd. 3. [SPECIFIC DETERMINATIONS.] *In developing the recommendation required by subdivision 2, the commission shall make specific determinations concerning the following:*

(1) whether the offenders should be confined through a civil commitment process, through the criminal justice system, or through a system that

combines features of the civil and criminal systems;

(2) what types of treatment programs hold the most promise for changing the behavior of those with entrenched chemical dependency problems;

(3) what types of correctional programs, including intensive supervision, hold the most promise for changing the behavior of those with entrenched chemical dependency problems;

(4) the best way to allocate the costs of treatment and confinement among the offender, local governments, and the state;

(5) if a criminal justice system approach is selected, whether imposing a felony penalty or a gross misdemeanor penalty on offenders with the DWI history described above would be more effective in giving a high priority to the repeat DWI cases within prosecutors' offices, and whether probation officers who supervise gross misdemeanants would be better suited to supervise repeat DWI offenders than would probation officers who supervise felons;

(6) if a civil commitment approach is selected, whether changes are needed in the civil commitment laws and recommendations for making those changes;

(7) what secure treatment facilities are available, including private, state, and locally owned facilities;

(8) the feasibility of using innovative treatment approaches, such as the use of pharmacologic agents, including deterrent chemicals, in the control of those who are unsuccessful in treatment programs;

(9) the need for culturally appropriate chemical dependency treatment programs; and

(10) the characteristics and treatment and incarceration history of the typical fourth-time DWI offender.

Sec. 27. [APPROPRIATION.]

$ . . . . . is appropriated from the general fund to the commissioner of public safety for the fiscal year ending June 30, 1993, for the purpose of funding grant applications under section 169.1265.

Sec. 28. [REPEALER.]

Minnesota Statutes 1990, section 169.126, subdivision 4c, is repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1 to 27 are effective January 1, 1993, and apply to crimes committed on or after that date, except that section 16, paragraph (b), clause (4), is effective the day following final enactment. Courts may consider prior convictions and license revocations in sentencing repeat offenders and forfeiting vehicles under this article.

ARTICLE 2

OPERATING A SNOWMOBILE

OR ALL-TERRAIN VEHICLE

WHILE INTOXICATED

Section 1. Minnesota Statutes 1990, section 84.91, is amended to read:

84.91 [OPERATION OF SNOWMOBILES AND ALL-TERRAIN VEHICLES BY PERSONS UNDER THE INFLUENCE OF ALCOHOL OR CONTROLLED SUBSTANCES.]

Subdivision 1. [ACTS PROHIBITED.] (a) No person shall operate or be in physical control of any snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state ~~while under the influence of~~:

(1) *when the person is under the influence of* alcohol~~, as provided in section 169.121, subdivision 1, clauses (a) and (d)~~;

(2) *when the person is under the influence of* a controlled substance, as defined in section 152.01, subdivision 4; ~~or~~

(3) *when the person is under the influence of* a combination of any two or more of the elements named in clauses (1) ~~and~~, (2), *and (6)*;

(4) when the person's alcohol concentration is 0.10 or more;

(5) when the person's alcohol concentration as measured within two hours of the time of operating is 0.10 or more; or

(6) when the person is knowingly under the influence of any chemical compound or combination of chemical compounds that is listed as a hazardous substance in rules adopted under section 182.655 and that affects the nervous system, brain, or muscles of the person so as to substantially impair the person's ability to operate the snowmobile or all-terrain vehicle.

(b) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall authorize or permit any individual the person knows or has reason to believe is under the influence of alcohol or a controlled substance *or other substance*, as provided under paragraph (a), to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(c) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall knowingly authorize or permit any person, who by reason of any physical or mental disability is incapable of operating the vehicle, to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

Subd. 2. [ARREST.] Conservation officers of the department of natural resources, sheriffs, sheriff's deputies, and other peace officers may arrest a person for a violation under subdivision 1 without a warrant upon probable cause~~, if~~, *without regard to whether* the violation was committed in the officer's presence. ~~If the violation did not occur in the officer's presence, the officer may arrest the person if the person was involved in a snowmobile or all-terrain vehicle accident resulting in death, personal injury, or property damage.~~

Subd. 3. [PRELIMINARY SCREENING TEST.] When an officer authorized under subdivision 2 to make arrests has reason to believe from the manner in which a person is operating, controlling, or acting upon departure from a snowmobile or all-terrain vehicle, or has operated or been in control of the vehicle, that the operator may be violating or has violated subdivision 1, paragraph (a), the officer may require the operator to provide a breath sample for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of the preliminary screening test shall be used for the purpose of deciding whether an arrest

should be made under this section and whether to require the chemical tests authorized in section 84.911, but may not be used in any court action except: *(1)* to prove that a test was properly required of an operator under section 84.911; *or (2) in a civil action arising out of the operation or use of a snowmobile or all-terrain vehicle*. Following the preliminary screening test, additional tests may be required of the operator as provided under section 84.911. An operator who refuses a breath sample is subject to the provisions of section 84.911 unless, in compliance with that section, the operator submits to a blood, breath, or urine test to determine the presence of alcohol or a controlled substance.

Subd. 4. [EVIDENCE.] In a prosecution for a violation of subdivision 1, paragraph (a), *or an ordinance in conformity with it*, the admission of evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine, is governed by section 86B.331, subdivision 4.

Subd. 5. [PENALTIES.] (a) A person who violates any prohibition contained in subdivision 1, *or an ordinance in conformity with it*, is guilty of a misdemeanor.

(b) A person who violates any prohibition contained in subdivision 1 within five years of a prior *impaired operating* conviction ~~under that subdivision~~ or civil liability under section 84.911, subdivision 2, *or an ordinance in conformity with it*, or within ten years of *the first of* two or more prior *impaired operating* convictions ~~under that subdivision~~ or civil liability under section 84.911, subdivision 2, *or an ordinance in conformity with it*, is guilty of a gross misdemeanor.

For purposes of this section, a prior impaired operating conviction is a prior conviction under this section; section 86B.331, subdivision 1, paragraph (a); 169.121; 169.129; 360.0752; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); 609.21, subdivision 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired operating conviction includes a prior juvenile adjudication that would have been a prior impaired operating conviction if committed by an adult.

(c) The attorney in the jurisdiction where the violation occurred who is responsible for prosecuting misdemeanor violations of this section is also responsible for prosecuting gross misdemeanor violations of this section. When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired operating convictions from a court, the court must furnish the information without charge.

~~(b)~~ *(d)* A person who operates a snowmobile or all-terrain vehicle during the period the person is prohibited from operating the vehicle under subdivision 6 is guilty of a misdemeanor.

Subd. 5a. [NOTICE OF ENHANCED PENALTIES.] *When a court sentences a person for a misdemeanor violation of this section, it shall inform the defendant of the statutory provisions that provide for enhancement of criminal penalties for repeat violators. The failure of a court to provide this information to a defendant does not affect the future applicability of these enhanced penalties to that defendant.*

Subd. 6. [OPERATING PRIVILEGES SUSPENDED.] Upon conviction

under this section, or an ordinance in conformity with it, and in addition to any penalty imposed under subdivision 5, the person is prohibited for one year from operating a snowmobile or all-terrain vehicle, whichever was involved in the violation.

Subd. 7. [DUTIES OF COMMISSIONER.] The court shall promptly forward to the commissioner copies of all convictions and criminal and civil penalties imposed under subdivision 5 and section 84.911, subdivision 2. The commissioner shall notify the convicted person of the period during which the person is prohibited from operating a snowmobile or all-terrain vehicle under subdivision 6 or section 84.911, subdivision 2. The commissioner shall also periodically circulate to appropriate law enforcement agencies a list of all persons who are prohibited from operating a snowmobile or all-terrain vehicle under subdivision 6 or section 84.911, subdivision 2.

Subd. 8. [IMMUNITY FROM LIABILITY.] The state or political subdivision that employs an officer who is authorized under subdivision 2 to make an arrest for violations of subdivision 1 is immune from any liability, civil or criminal, for the care or custody of the snowmobile or all-terrain vehicle being operated by or in the physical control of the person arrested if the officer acts in good faith and exercises due care.

Sec. 2. Minnesota Statutes 1990, section 84.911, is amended to read:

84.911 [CHEMICAL TESTING.]

Subdivision 1. [MANDATORY CHEMICAL TESTING.] A person who operates or is in physical control of a snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state is required, subject to the provisions of this section, to take or submit to a test of the person's blood, breath, or urine for the purpose of determining the presence and amount of alcohol or a controlled substance. The test shall be administered at the direction of an officer authorized to make arrests under section 84.91, subdivision 2. Taking or submitting to the test is mandatory when requested by an officer who has probable cause to believe the person was operating or in physical control of a snowmobile or all-terrain vehicle in violation of section 84.91, subdivision 1, paragraph (a), and one of the following conditions exists:

(1) the person has been lawfully placed under arrest for violating section 84.91, subdivision 1, paragraph (a);

(2) the person has been involved while operating a snowmobile or all-terrain vehicle in an accident resulting in property damage, personal injury, or death;

(3) the person has refused to take the preliminary screening test provided for in section 84.91, subdivision 3; or

(4) the screening test was administered and ~~recorded~~ *indicated* an alcohol concentration of 0.10 or more.

Subd. 2. [PENALTIES; REFUSAL; REVOCATION OF SNOWMOBILE OR ALL-TERRAIN VEHICLE OPERATING PRIVILEGE.] (a) If a person refuses to take a test required under subdivision 1, none must be given, but the officer authorized to make arrests under section 84.91, subdivision 2, shall report the refusal to the commissioner of natural resources and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the incident occurred that gave rise to the test demand and refusal. *However, if a peace officer has probable cause to*

believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal.

On certification by the officer that probable cause existed to believe the person had been operating or in physical control of a snowmobile or all-terrain vehicle while under the influence of alcohol or a controlled substance, and that the person refused to submit to testing, the commissioner shall impose a civil penalty of $500 and shall prohibit the person from operating a snowmobile or all-terrain vehicle, whichever was involved in the violation, for a period of one year *even if a test was obtained pursuant to this section after the person refused to submit to testing.*

On behalf of the commissioner, an officer requiring a test or directing the administration of a test shall serve on a person who refused to permit a test immediate notice of intention to prohibit the operation of a snowmobile or all-terrain vehicle, and to impose the civil penalty set forth in this subdivision. If the officer fails to serve a notice of intent to suspend operating privileges, the commissioner may notify the person by mail, and the notice is deemed received three days after mailing. The notice must advise the person of the right to obtain administrative and judicial review as provided in this section. The prohibition imposed by the commissioner takes effect ten days after receipt of the notice. The civil penalty is imposed on receipt of the notice and must be paid within 30 days of imposition.

(b) A person who operates a snowmobile or all-terrain vehicle during the period the person is prohibited from operating the vehicle as provided under paragraph (a) is guilty of a misdemeanor.

Subd. 3. [RIGHTS AND OBLIGATIONS.] At the time a test is requested, the person must be informed:

(1) that Minnesota law requires a person to take a test to determine if the person is under the influence of alcohol or a controlled substance;

(2) that ~~if the person refuses to take the test, the~~ *a* person is subject to a civil penalty of $500 *for refusing to take the test* and, *in addition,* is prohibited for a one-year period from operating a snowmobile or an all-terrain vehicle~~, as provided under subdivision 2~~;

(3) ~~that if testing is refused it will not affect the person's motor vehicle driver's license;~~

~~(4) that if the test is taken and the results indicate that the person is under the influence of alcohol or a controlled substance, the person will be subject to criminal penalties and in addition to any other penalties the court may impose, the person's operating privileges will be suspended as provided under section 84.91, subdivision 6;~~

~~(5) that, after submitting to testing, the person has the right to have additional tests made by someone of the person's own choosing; and~~

~~(6) that a refusal to take a test will be offered into evidence against the person at trial~~ *if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and*

(4) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test or the person will be deemed to have refused the test.

Subd. 4. [REQUIREMENT OF URINE TEST.] Notwithstanding subdivision 1, if there is probable cause to believe there is impairment by a controlled substance that is not subject to testing by a breath test, a blood or urine test may be required even after a breath test has been administered.

Subd. 5. [CHEMICAL TESTS.] Chemical tests administered under this section are governed by section 86B.335, subdivisions 8, 9, and 10.

Subd. 6. [JUDICIAL AND ADMINISTRATIVE REVIEW; ENFORCEMENT.] Judicial and administrative review of sanctions imposed under this section is governed by section 86B.335, subdivisions 3, 4, and 5. Payment and enforcement of the civil penalty imposed under this section is governed by section 86B.335, subdivisions 11 and 12.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1992, and apply to crimes committed on or after that date.

ARTICLE 3

BOATING WHILE INTOXICATED

Section 1. Minnesota Statutes 1990, section 86B.331, is amended to read:

86B.331 [OPERATION WHILE USING ALCOHOL OR DRUGS OR WITH A PHYSICAL OR MENTAL DISABILITY.]

Subdivision 1. [ACTS PROHIBITED.] (a) A person may not operate or be in physical control of a motorboat in operation on the waters of this state ~~while under the influence of~~:

(1) *when the person is under the influence of* alcohol~~, as provided in section 169.121, subdivision 1, paragraphs (a) and (d)~~;

(2) *when the person is under the influence of* a controlled ~~or other~~ substance, as ~~provided~~ *defined* in section ~~169.121~~ *152.01*, subdivision ~~1~~ *4*; ~~or~~

(3) *when the person is under the influence of* a combination of any two or more of the elements named in clauses (1) ~~and~~, (2), *and (6);*

(4) when the person's alcohol concentration is 0.10 or more;

(5) when the person's alcohol concentration as measured within two hours of the time of operating is 0.10 or more; or

(6) when the person is knowingly under the influence of any chemical compound or combination of chemical compounds that is listed as a hazardous substance in rules adopted under section 182.655 and that affects the nervous system, brain, or muscles of the person so as to substantially impair the person's ability to operate the motorboat.

(b) An owner or other person having charge or control of a motorboat may not authorize or allow an individual the person knows or has reason to believe is under the influence of alcohol or a controlled or other substance, as provided under paragraph (a), to operate the motorboat in operation on the waters of this state.

(c) An owner or other person having charge or control of a motorboat may not knowingly authorize or allow a person, who by reason of a physical or mental disability is incapable of operating the motorboat, to operate the motorboat in operation on the waters of this state.

(d) For purposes of this subdivision, a motorboat "in operation" does not include a motorboat that is anchored, beached, or securely fastened to a dock or other permanent mooring.

Subd. 2. [ARREST.] Conservation officers of the department of natural resources, sheriffs, sheriff's deputies, and other peace officers may arrest a person for a violation under subdivision 1 without a warrant upon probable cause ~~if~~, *without regard to whether* the violation was committed in the officer's presence. ~~If the violation did not occur in the officer's presence, the officer may arrest the person if the person was involved in a motorboat accident resulting in death, personal injury, or property damage.~~

Subd. 3. [PRELIMINARY SCREENING TEST.] (a) If an officer authorized under subdivision 2 to make arrests has reason to believe from the manner in which a person is operating, controlling, or acting upon departure from a motorboat, or has operated or been in control of a motorboat, that the operator may be violating or has violated subdivision 1, paragraph (a), the officer may require the operator to provide a breath sample for a preliminary screening test using a device approved by the commissioner of public safety for this purpose.

(b) The results of the preliminary screening test shall be used for the purpose of deciding whether an arrest should be made under this section and whether to require the chemical tests authorized in section 86B.335, but may not be used in a court action except: *(1)* to prove that a test was properly required of an operator pursuant to section 86B.335; *or (2) in a civil action arising out of the operation or use of the motorboat.*

(c) Following the preliminary screening test, additional tests may be required of the operator as provided under section 86B.335.

(d) An operator who refuses a breath sample is subject to the provisions of section 86B.335 unless, in compliance with that section, the operator submits to a blood, breath, or urine test to determine the presence of alcohol or a controlled substance.

Subd. 4. [EVIDENCE.] (a) Upon the trial of a prosecution arising out of acts alleged to have been committed by a person arrested for operating or being in physical control of a motorboat in violation of subdivision 1, paragraph (a), *or an ordinance in conformity with it*, the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.

(b) For the purposes of this subdivision:

(1) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol; and

(2) evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10 is relevant evidence in indicating whether or not the person was under the influence of alcohol.

(c) Evidence of the refusal to take a preliminary screening test required under subdivision 3 or a chemical test required under section 86B.335 is admissible into evidence in a prosecution under this section *or an ordinance in conformity with it*.

(d) This subdivision does not limit the introduction of other competent evidence bearing upon the question of whether or not the person violated

this section, including *tests obtained more than two hours after the alleged violation and* results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample. A sample is adequate if the instrument analyzes the sample and does not indicate the sample is deficient.

(e) If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of subdivision 1, paragraph (a), clause (5), that the defendant consumed a sufficient quantity of alcohol after the time of operating or physical control of a motorboat and before the administration of the evidentiary test to cause the defendant's alcohol concentration to exceed 0.10. Provided, that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

Subd. 5. [PENALTIES.] (a) A person who violates a prohibition contained in subdivision 1, *or an ordinance in conformity with it,* is guilty of a misdemeanor~~: except that~~.

(b) A person who violates a prohibition contained in subdivision 1 within five years of a prior *impaired operating* conviction ~~under that subdivision~~ or civil liability under section 86B.335, subdivision 2, *or an ordinance in conformity with it,* or within ten years of *the first of* two or more prior *impaired operating* convictions ~~under that subdivision~~ or civil liability under section 86B.335, subdivision 2, *or an ordinance in conformity with it,* is guilty of a gross misdemeanor.

For purposes of this section, a prior impaired operating conviction is a prior conviction under this section; section 84.91, subdivision 1, paragraph (a); 169.121; 169.129; 360.0752; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); 609.21, subdivision 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired operating conviction includes a prior juvenile adjudication that would have been a prior impaired operating conviction if committed by an adult.

(c) The attorney in the jurisdiction where the violation occurred who is responsible for prosecution of misdemeanor violations of this section is also responsible for prosecution of gross misdemeanor violations of this section. *When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired operating convictions from a court, the court must furnish the information without charge.*

~~(b)~~ *(d)* A person who operates a motorboat on the waters of this state during the period the person is prohibited from operating any motorboat or after the person's ~~motorboat~~ *watercraft* operator's permit has been revoked, as provided under subdivision 6, is guilty of a misdemeanor.

Subd. 5a. [NOTICE OF ENHANCED PENALTIES.] *When a court sentences a person for a misdemeanor violation of this section, it shall inform the defendant of the statutory provisions that provide for enhancement of criminal penalties for repeat violators. The failure of a court to provide this information to a defendant does not affect the future applicability of these enhanced penalties to that defendant.*

Subd. 6. [SUSPENSION AND REVOCATION OF OPERATING PRIVILEGES.] (a) Upon conviction *under this section, or an ordinance in conformity with it*, and in addition to any penalty imposed under subdivision 5, the person is prohibited from operating any motorboat on the waters of this state for a period of 90 days between May 1 and October 31, extending over two consecutive years if necessary.

(b) A person with a ~~motorboat~~ *watercraft* operator's permit 13 years of age or older but less than 18 years of age and who violates any prohibition contained in subdivision 1 shall have the permit revoked by the commissioner as required by section 86B.811, subdivision 2, in addition to any other penalty imposed by the court.

Subd. 7. [DUTIES OF COMMISSIONER.] The court shall promptly forward copies of all convictions and criminal and civil penalties imposed under subdivision 5 and section 86B.335, subdivision 2, to the commissioner. The commissioner shall notify the convicted person of the period when the person is prohibited from operating a motorboat as provided under subdivision 6 or section 86B.335, subdivision 2. The commissioner shall also periodically circulate to appropriate law enforcement agencies a list of all persons who are prohibited from operating any motorboat or have had their ~~motorboat~~ *watercraft* operator's permits revoked pursuant to subdivision 6 or section 86B.335, subdivision 2.

Subd. 8. [GOVERNMENT IMMUNITY FROM LIABILITY FOR BOAT CARE.] The state or political subdivision that is the employer of an officer authorized under subdivision 2 to make an arrest for violations of subdivision 1 is immune from any liability, civil or criminal, for the care or custody of the motorboat being operated by or in the physical control of the person arrested if the officer acts in good faith and exercises due care.

Sec. 2. Minnesota Statutes 1990, section 86B.335, subdivision 1, is amended to read:

Subdivision 1. [CHEMICAL TESTING.] A person who operates or is in physical control of a motorboat in operation on the waters of this state is required, subject to the provisions of this section, to take or submit to a test of the person's blood, breath, or urine for the purpose of determining the presence and amount of alcohol or a controlled substance. A motorboat "in operation" does not include a motorboat that is anchored, beached, or securely fastened to a dock or other permanent mooring. The test shall be administered at the direction of an officer authorized to make arrests under section 86B.331, subdivision 2. Taking or submitting to the test is mandatory when requested by an officer who has probable cause to believe the person was operating or in physical control of a motorboat in violation of section 86B.331, subdivision 1, paragraph (a), and one of the following conditions exist:

(1) the person has been lawfully placed under arrest for violating section 86B.331, subdivision 1, paragraph (a);

(2) the person has been involved in a motorboat accident resulting in property damage, personal injury, or death;

(3) the person has refused to take the preliminary screening test provided for in section 86B.331, subdivision 3; or

(4) the screening test was administered and ~~recorded~~ *indicated* an alcohol concentration of 0.10 or more.

Sec. 3. Minnesota Statutes 1990, section 86B.335, subdivision 2, is amended to read:

Subd. 2. [REFUSAL TO TAKE TEST.] (a) If a person refuses to take a test required under subdivision 1, a test is not to be given, but the officer authorized to make arrests under section 86B.331, subdivision 2, shall report the refusal to the commissioner of natural resources and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction where the incident occurred that gave rise to the test demand and refusal. *However, if a peace officer has probable cause to believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal.*

(b) On certification by the officer that probable cause existed to believe the person had been operating or in physical control of a motorboat while under the influence of alcohol or a controlled substance, and that the person refused to submit to testing, the commissioner shall impose a civil penalty of $500 and shall prohibit the person from operating any motorboat on the waters of this state for a period of one year *even if a test was obtained pursuant to this section after the person refused to submit to testing*. If the person refusing to submit to testing is under the age of 18 years at the time of the refusal, the person's watercraft operator's permit shall be revoked by the commissioner as set forth in this subdivision and a new permit after the revocation must be issued only after the person successfully completes a watercraft safety course.

(c) On behalf of the commissioner, an officer requiring a test or directing the administration of a test shall serve on a person who refused to permit a test immediate notice of intention to impose the civil penalty set forth in this subdivision, to prohibit the operation of motorboats, and to revoke a watercraft operator's permit. The officer shall take a watercraft operator's permit held by the person, and shall send the permit to the commissioner along with the certification provided for in this subdivision. If the officer fails to serve a notice of intent to revoke, the commissioner may notify the person by mail and the notice is deemed received three days after mailing. The notice must advise the person of the right to obtain administrative and judicial review as provided in this section. The prohibition and revocation, if any, shall take effect ten days after receipt of the notice. The civil penalty is imposed on receipt of the notice and shall be paid within 30 days of imposition.

(d) A person who operates a motorboat on the waters of this state during the period the person is prohibited from operating a motorboat as provided under paragraph (b) or (c) is guilty of a misdemeanor.

Sec. 4. Minnesota Statutes 1990, section 86B.335, subdivision 4, is amended to read:

Subd. 4. [JUDICIAL REVIEW.] (a) Within 30 days following receipt of a notice and order imposing sanctions under this section, a person may petition the court for review. The petition must be filed with the *district* court administrator ~~of the county, municipal, or unified trial court~~ in the county where the incident occurred which gave rise to the test demand and refusal, together with proof of service of a copy on the commissioner and the prosecuting authority for misdemeanor offenses for the jurisdiction in which the incident occurred. A responsive pleading is not required of the commissioner of natural resources, and court fees may not be charged for the appearance of the representative of the commissioner in the matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and the commissioner as respondent. The petition must state specifically the grounds upon which the petitioner seeks rescission of the order imposing sanctions.

(c) The filing of the petition does not stay the revocation or prohibition against operation of a motorboat. However, the filing of a petition stays imposition of the civil penalty. The judicial review shall be conducted according to the rules of civil procedure.

Sec. 5. Minnesota Statutes 1990, section 86B.335, subdivision 5, is amended to read:

Subd. 5. [HEARING.] (a) A hearing under this section must be before a ~~municipal, county, or unified~~ *district* court judge in the county where the incident occurred which gave rise to the test demand and refusal. The hearing must be to the court and may be conducted at the same time as hearings upon pretrial motions in the criminal prosecution under section 86B.331. The hearing must be recorded. The commissioner must be represented by the prosecuting authority for misdemeanor offenses for the jurisdiction in which the incident occurred which gave rise to the test demand and refusal.

(b) The hearing must be held at the earliest practicable date and in any event no later than 60 days following the filing of the petition for review. The reviewing court may order a temporary stay of the balance of the prohibition or revocation if the hearing has not been conducted within 60 days after filing of the petition, upon the application of the petitioner and upon terms the court deems proper.

(c) The scope of the hearing must be limited to the issues of:

(1) whether the officer had probable cause to believe that the person was operating or in physical control of a motorboat in violation of section 86B.331;

(2) whether one of the conditions in subdivision 1 existed;

(3) whether the person was informed as prescribed in subdivision 6; and

(4) whether the person refused to submit to testing.

(d) It is an affirmative defense for the petitioner to prove that, at the time of the refusal, the petitioner's refusal to permit the test was based upon reasonable grounds.

(e) The court shall order that the prohibition or revocation be either sustained or rescinded and shall either sustain or rescind the civil penalty. The court shall forward a copy of the order to the commissioner.

Sec. 6. Minnesota Statutes 1990, section 86B.335, subdivision 6, is amended to read:

Subd. 6. [RIGHTS AND OBLIGATIONS.] At the time a test is requested, the person must be informed:

(1) that Minnesota law requires a person to take a test to determine if the person is under the influence of alcohol or a controlled substance;

(2) that a person is subject to a civil penalty of $500 for refusing to take the test and, in addition, the person ~~is~~ *may be* prohibited from operating any motorboat~~, as provided under subdivision 2, for refusing to take the test~~;

(3) ~~that if testing is refused it will not affect the person's motor vehicle~~

~~driver's license:~~

~~(4) that if the test is taken and the results indicate that the person is under the influence of alcohol or a controlled substance, the person will be subject to criminal penalties and, in addition to any other penalties the court may impose, the person's operating privileges will be suspended as provided under section 86B.331, subdivision 6, paragraph (a);~~

~~(5) that, after submitting to testing, the person has the right to have additional tests made by someone of the person's own choosing; and~~

~~(6) that a refusal to take a test will be offered into evidence against the person at trial~~ *if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and*

(4) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test or the person will be deemed to have refused the test.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective June 1, 1992, and apply to crimes committed on or after that date.

ARTICLE 4

AIRCRAFT OPERATION WHILE INTOXICATED

Section 1. Minnesota Statutes 1990, section 360.0752, is amended by adding a subdivision to read:

Subd. 2a. [REFUSAL TO SUBMIT TO TESTING; CRIME.] *It is a crime for any person to refuse to submit to a chemical test of the person's blood, breath, or urine under section 360.0753.*

Sec. 2. Minnesota Statutes 1990, section 360.0752, subdivision 6, is amended to read:

Subd. 6. [CRIMINAL PENALTIES.] (a) A person who violates subdivision 2, clause (g); or 3, is guilty of a misdemeanor.

(b) A person who violates subdivision 2, clauses (a) to (f), *or subdivision 2a,* is guilty of a gross misdemeanor.

(c) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations shall also be responsible for prosecution of gross misdemeanor violations of this section.

Sec. 3. Minnesota Statutes 1990, section 360.0753, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION AS TO TYPE OF TEST.] (a) Any person who operates or attempts to operate an aircraft in or over this state or over any boundary water of this state consents, subject to the provisions of this section and section 360.0752, to a chemical test of that person's blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled substance. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has probable cause to believe the person was operating or attempting to operate an aircraft in violation of section 360.0752 and one of the following conditions exists:

(1) the person has been lawfully placed under arrest for violation of section 360.0752;

(2) the person has been involved in an aircraft accident or collision resulting in property damage, personal injury, or death;

(3) the person has refused to take the screening test provided for by section 360.0752;

(4) the screening test was administered and recorded an alcohol concentration of 0.04 or more; or

(5) the officer had probable cause to believe that the person was operating or attempting to operate an aircraft with any amount of alcohol present in the person's body.

(b) At the time a test is requested, the person shall be informed:

(1) that Minnesota law requires the person to take a test to determine the presence of alcohol or to determine if the person is under the influence of alcohol or a controlled substance;

(2) that ~~if testing is refused, the person will be disqualified from operating an aircraft for a minimum period of one year;~~

~~(3) that if a test is taken and the results indicate an alcohol concentration of 0.04 or more or that the person is under the influence of a controlled substance, the person will be subject to criminal penalties and the person may be prohibited from operating an aircraft in this state for up to one year;~~

~~(4) that after submitting to testing, the person has the right to consult with an attorney and to have additional tests made by someone of the person's own choosing; and~~

~~(5) that if the person refuses to take a test, the refusal will be offered into evidence against the person at trial.~~ *whether a test is taken or refused, the person may be subject to criminal prosecution for an alcohol or controlled substance related offense relating to the operation of an aircraft;*

(3) that if testing is refused, the person may be subject to criminal prosecution because the person refused testing and the person will be disqualified from operating an aircraft for a minimum period of one year;

(4) if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and

(5) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test.

(c) The peace officer who requires a test pursuant to this subdivision may direct whether the test shall be of blood, breath, or urine. Action may be taken against a person who refuses to take a blood test only if an alternative test was offered, and action may be taken against a person who refuses to take a urine test only if an alternative test was offered.

Sec. 4. Minnesota Statutes 1990, section 360.0753, subdivision 7, is amended to read:

Subd. 7. [REFUSAL TO PERMIT TEST; CEASE AND DESIST ORDER.] If a person under arrest refuses to permit chemical testing, none shall be given, but the commissioner of transportation, upon the receipt of

a certificate of the peace officer that the officer had reasonable and probable grounds to believe the arrested person had been operating or attempting to operate an aircraft in violation of section 360.0752 and that the person had refused to permit the test, shall issue a cease and desist order prohibiting the operation of an aircraft for a period of one year. *However, if a peace officer has probable cause to believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal. When a test is obtained pursuant to this section after the person refused to submit to testing, the commissioner of transportation shall issue a cease and desist order under this section based on the person's refusal.*

Sec. 5. Minnesota Statutes 1990, section 360.0753, subdivision 9, is amended to read:

Subd. 9. [HEARING.] The hearing shall be before a district court in the county where the arrest occurred, unless there is agreement that the hearing may be held in some other county. The hearing shall be recorded and proceed as in a criminal matter, without the right of trial by jury, and its scope shall cover the issues of whether the peace officer had reasonable and probable grounds to believe the person was operating or attempting to operate an aircraft in violation of section 360.0752; whether the person was lawfully placed under arrest; whether the person refused to permit the test, and if the person refused whether the person had reasonable grounds for refusing to permit the test; and whether at the time of request for the test the peace officer informed the person that the right to fly ~~might~~ *will* be denied if the person refused to permit the test and of the right to have additional tests made by someone of the person's own choosing. The court shall order either that the denial be rescinded or sustained and refer the order to the commissioner of transportation for further action.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective August 1, 1992, and apply to crimes committed on or after that date.

ARTICLE 5

HUNTING WHILE INTOXICATED

Section 1. Minnesota Statutes 1990, section 97A.421, subdivision 4, is amended to read:

Subd. 4. [ISSUANCE AFTER ~~INTOXICATION OR NARCOTICS~~ CONVICTION *FOR HUNTING WHILE INTOXICATED.*] *If* a person *is* convicted of a violation under section 97B.065, relating to hunting while ~~intoxicated or using narcotics, may not obtain~~ *under the influence of alcohol or a controlled substance, the court may prohibit the person from obtaining* a license to hunt with a firearm or by archery for *up to* five years after conviction.

Sec. 2. Minnesota Statutes 1990, section 97B.065, is amended to read:

97B.065 [HUNTING WHILE UNDER THE INFLUENCE OF ALCOHOL OR A CONTROLLED SUBSTANCE.]

Subdivision 1. [ACTS PROHIBITED.] *(a)* A person may not take ~~protected~~ wild animals with a firearm or by archery ~~while under the influence of alcohol or a controlled substance.~~*:*

(1) when the person is under the influence of alcohol;

(2) when the person is under the influence of a controlled substance, as

defined in section 152.01, subdivision 4; or

(3) when the person is under the influence of a combination of any two or more of the elements in clauses (1) and (2);

(4) when the person's alcohol concentration is 0.10 or more;

(5) when the person's alcohol concentration as measured within two hours of the time of taking is 0.10 or more; or

(6) when the person is knowingly under the influence of any chemical compound or combination of chemical compounds that is listed as a hazardous substance in rules adopted under section 182.655 and that affects the nervous system, brain, or muscles of the person so as to substantially impair the person's ability to operate a firearm or bow and arrow.

(b) An owner or other person having charge or control of a firearm or bow and arrow may not authorize or permit an individual the person knows or has reason to believe is under the influence of alcohol or a controlled substance, as provided under paragraph (a), to possess the firearm or bow and arrow in this state or on a boundary water of this state.

Subd. 2. [ARREST.] *A peace officer may arrest a person for a violation under subdivision 1 without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence.*

Subd. 3. [PRELIMINARY SCREENING TEST.] *When an officer authorized under subdivision 2 to make arrests has reason to believe that the person may be violating or has violated subdivision 1, paragraph (a), the officer may require the person to provide a breath sample for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of the preliminary screening test must be used for the purpose of deciding whether an arrest should be made under this section and whether to require the chemical tests authorized in section 3, but may not be used in any court action except: (1) to prove that a test was properly required of a person under section 3; or (2) in a civil action arising out of the operation of a firearm or bow and arrow. Following the preliminary screening test, additional tests may be required of the person as provided under section 3. A person who refuses a breath sample is subject to the provisions of section 3 unless, in compliance with that section, the person submits to a blood, breath, or urine test to determine the presence of alcohol or a controlled substance.*

Subd. 4. [EVIDENCE.] *In a prosecution for a violation of subdivision 1, paragraph (a), or an ordinance in conformity with it, the admission of evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine is governed by section 86B.331, subdivision 4.*

Subd. 5. [PENALTIES.] *(a) A person who violates a prohibition in subdivision 1, or an ordinance in conformity with it, is subject to the penalties provided in section 97A.331.*

(b) A person who hunts during the period the person is prohibited from hunting under subdivision 6 is guilty of a misdemeanor.

Subd. 6. [HUNTING PRIVILEGES SUSPENDED.] *Upon conviction, and in addition to any penalty imposed under subdivision 5, the person is subject to the limitations on hunting provided in section 97A.421.*

Subd. 7. [DUTIES OF COMMISSIONER.] *The court shall promptly forward to the commissioner copies of all convictions and criminal and civil*

penalties imposed under subdivision 5 and section 3, subdivision 2. The commissioner shall notify the convicted person of the period during which the person is prohibited from hunting under subdivision 6 and section 97A.421. The commissioner shall also periodically circulate to appropriate law enforcement agencies a list of all persons who are prohibited from hunting under subdivision 6 and section 97A.421.

Subd. 8. [IMMUNITY FROM LIABILITY.] *The state or political subdivision that employs an officer who is authorized under subdivision 2 to make an arrest for violations of subdivision 1 is immune from any liability, civil or criminal, for the care or custody of the hunting equipment in the physical control of the person arrested if the officer acts in good faith and exercises due care.*

Sec. 3. [97B.066] [CHEMICAL TESTING.]

Subdivision 1. [MANDATORY CHEMICAL TESTING.] *A person who takes wild animals with a bow or firearm in this state or on a boundary water of this state is required, subject to the provisions of this section, to take or submit to a test of the person's blood, breath, or urine for the purpose of determining the presence and amount of alcohol or a controlled substance. The test shall be administered at the direction of an officer authorized to make arrests under section 97B.065, subdivision 2. Taking or submitting to the test is mandatory when requested by an officer who has probable cause to believe the person was hunting in violation of section 97B.065, subdivision 1, paragraph (a), and one of the following conditions exists:*

(1) the person has been lawfully placed under arrest for violating section 97B.065, subdivision 1, paragraph (a);

(2) the person has been involved while hunting in an accident resulting in property damage, personal injury, or death;

(3) the person has refused to take the preliminary screening test provided for in section 97B.065, subdivision 3; or

(4) the screening test was administered and recorded an alcohol concentration of 0.10 or more.

Subd. 2. [PENALTIES; REFUSAL; REVOCATION OF HUNTING PRIVILEGE.] *(a) If a person refuses to take a test required under subdivision 1, none must be given but the officer authorized to make arrests under section 97B.065, subdivision 2, shall report the refusal to the commissioner of natural resources and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the incident occurred that gave rise to the test demand and refusal.*

On certification by the officer that probable cause existed to believe the person had been hunting while under the influence of alcohol or a controlled substance, and that the person refused to submit to testing, the commissioner shall impose a civil penalty of $500 and shall prohibit the person from hunting for one year.

On behalf of the commissioner, an officer requiring a test or directing the administration of a test shall serve on a person who refused to permit a test immediate notice of intention to prohibit the person from hunting, and to impose the civil penalty set forth in this subdivision. If the officer fails to serve a notice of intent to suspend hunting privileges, the commissioner may notify the person by certified mail to the address on the license of the person. The notice must advise the person of the right to obtain

administrative and judicial review as provided in this section. The prohibition imposed by the commissioner takes effect ten days after receipt of the notice. The civil penalty is imposed 30 days after receipt of the notice or upon return of the certified mail to the commissioner, and must be paid within 30 days of imposition.

(b) A person who hunts during the period the person is prohibited from hunting as provided under paragraph (a) is guilty of a misdemeanor.

Subd. 3. [RIGHTS AND OBLIGATIONS.] *At the time a test is requested, the person must be informed that:*

(1) Minnesota law requires a person to take a test to determine if the person is under the influence of alcohol or a controlled substance;

(2) if the person refuses to take the test, the person is subject to a civil penalty of $500 and is prohibited for a one-year period from hunting, as provided under subdivision 2;

(3) that the person has the right to consult with an attorney, but that this right is limited to the extent it cannot unreasonably delay administration of the test or the person will be deemed to have refused the test.

Subd. 4. [REQUIREMENT OF URINE TEST.] *Notwithstanding subdivision 1, if there is probable cause to believe there is impairment by a controlled substance that is not subject to testing by a breath test, a blood or urine test may be required even after a breath test has been administered.*

Subd. 5. [CHEMICAL TESTS.] *Chemical tests administered under this section are governed by section 86B.335, subdivisions 8, 9, and 10.*

Subd. 6. [JUDICIAL AND ADMINISTRATIVE REVIEW; ENFORCEMENT.] *Judicial and administrative review of sanctions imposed under this section is governed by section 86B.335, subdivisions 3, 4, and 5. Payment and enforcement of the civil penalty imposed under this section is governed by section 86B.335, subdivisions 11 and 12.*

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective August 1, 1992, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to driving while intoxicated; making it a crime to refuse to submit to testing under the implied consent law; expanding the scope of the administrative plate impoundment law; authorizing the forfeiture of vehicles used to commit certain repeat DWI offenses; increasing certain license revocation periods; revising the implied consent advisory; imposing waiting periods on the issuance of limited licenses; increasing certain fees; updating laws relating to operating a snowmobile, all-terrain vehicle, motorboat, or aircraft, and to hunting, while intoxicated; imposing penalties for hunting while intoxicated; appropriating money; amending Minnesota Statutes 1990, sections 84.91; 84.911; 86B.331; 86B.335, subdivisions 1, 2, 4, 5, and 6; 97A.421, subdivision 4; 97B.065; 168.042, subdivisions 1, 2, 4, 10, and 11; 169.121, subdivisions 1a, 3, 3a, 3b, 3c, 4, and 5; 169.123, subdivision 4; 169.126, subdivision 1; 169.129; 360.0752, subdivision 6, and by adding a subdivision; and 360.0753, subdivisions 2, 7, and 9; Minnesota Statutes 1991 Supplement, sections 169.121, subdivision 5a; 169.123, subdivision 2; 169.126, subdivision 2; 169.1265, subdivision 3; 171.29, subdivision 2; 171.30, subdivision 2a;

and 171.305, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 97B; and 169; repealing Minnesota Statutes 1990, section 169.126, subdivision 4c."

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

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.03 be suspended as to the Committee Report on S.F. No. 2326. The motion prevailed.

Mr. Moe, R.D. moved the adoption of the Committee Report on S.F. No. 2326. The motion prevailed. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 2780, 2556, 1731, 2434, 651, 2144, 1993, 2702, 2468, 2193 and 2042 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 2608 and 2707 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Solon moved that the name of Mr. Frank be added as a co-author to S.F. No. 398. The motion prevailed.

Mr. Hottinger moved that the name of Mr. Renneke be added as a co-author to S.F. No. 1635. The motion prevailed.

Ms. Berglin moved that her name be stricken as chief author, shown as a co-author, and the name of Mr. Samuelson be added as chief author to S.F. No. 2650. The motion prevailed.

Mr. Merriam moved that the name of Mr. Morse be added as a co-author to S.F. No. 2389. The motion prevailed.

Messrs. Vickerman, DeCramer and Frederickson, D.J. introduced—

Senate Resolution No. 133: A Senate resolution congratulating the Tracy-Milroy Girls Basketball Team on winning the 1992 State High School Class A Girls Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Lessard introduced—

Senate Resolution No. 134: A Senate resolution congratulating the Greenway High School Raiders for winning the first Tier II State High School Hockey Championship.

Referred to the Committee on Rules and Administration.

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

CALENDAR

H.F. No. 2769: A bill for an act relating to retirement; providing for the calculation of pension increases for the Virginia police relief association.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Johnson, D.J.	McGowan	Ranum
Beckman	DeCramer	Johnson, J.B.	Mehrkens	Renneke
Benson, D.D.	Dicklich	Johnston	Metzen	Riveness
Benson, J.E.	Finn	Kelly	Moe, R.D.	Sams
Berg	Flynn	Knaak	Mondale	Samuelson
Berglin	Frank	Kroening	Morse	Solon
Bernhagen	Frederickson, D.J.	Laidig	Novak	Spear
Bertram	Frederickson, D.R.	Langseth	Olson	Stumpf
Brataas	Gustafson	Larson	Pappas	Traub
Chmielewski	Halberg	Lessard	Parriseau	Vickerman
Dahl	Hottinger	Luther	Piper	Waldorf
Davis	Johnson, D.E.	Marty	Price	

So the bill passed and its title was agreed to.

H.F. No. 2287: A bill for an act relating to retirement; local police and salaried firefighter relief associations; eliminating eligibility for amortization state aid and supplementary amortization state aid for relief associations and consolidation accounts with no unfunded actuarial accrued liability; amending Minnesota Statutes 1991 Supplement, section 423A.02.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Moe, R.D.	Riveness
Beckman	DeCramer	Johnston	Mondale	Sams
Belanger	Dicklich	Kelly	Morse	Samuelson
Benson, D.D.	Finn	Knaak	Neuville	Solon
Benson, J.E.	Flynn	Kroening	Novak	Spear
Berg	Frank	Laidig	Olson	Stumpf
Berglin	Frederickson, D.J.	Langseth	Pappas	Terwilliger
Bernhagen	Frederickson, D.R.	Larson	Parriseau	Traub
Bertram	Gustafson	Lessard	Piper	Vickerman
Brataas	Halberg	Luther	Pogemiller	Waldorf
Chmielewski	Hottinger	Marty	Price	
Cohen	Hughes	McGowan	Ranum	
Dahl	Johnson, D.E.	Mehrkens	Reichgott	
Davis	Johnson, D.J.	Metzen	Renneke	

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 2225: A bill for an act relating to retirement; St. Paul police relief association; authorizing retirees and surviving spouses to participate in relief association board elections and other governance issues; amending Laws 1955, chapter 151, section 1, subdivision 3, as amended.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Moe, R.D.	Riveness
Beckman	DeCramer	Johnston	Mondale	Sams
Belanger	Dicklich	Kelly	Morse	Samuelson
Benson, D.D.	Finn	Knaak	Neuville	Solon
Benson, J.E.	Flynn	Kroening	Novak	Spear
Berg	Frank	Laidig	Olson	Stumpf
Berglin	Frederickson, D.J.	Langseth	Pappas	Terwilliger
Bernhagen	Frederickson, D.R.	Larson	Pariseau	Traub
Bertram	Gustafson	Lessard	Piper	Vickerman
Brataas	Halberg	Luther	Pogemiller	Waldorf
Chmielewski	Hottinger	Marty	Price	
Cohen	Hughes	McGowan	Ranum	
Dahl	Johnson, D.E.	Mehrkens	Reichgott	
Davis	Johnson, D.J.	Metzen	Renneke	

So the bill passed and its title was agreed to.

H.F. No. 2341: A bill for an act relating to transportation; authorizing nonoperating assistance for public transit service; amending Minnesota Statutes 1990, section 174.24, subdivisions 3, 5, and by adding subdivisions; repealing Minnesota Statutes 1990, section 174.245.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Renneke
Beckman	DeCramer	Johnston	Moe, R.D.	Riveness
Belanger	Dicklich	Kelly	Mondale	Sams
Benson, D.D.	Finn	Knaak	Morse	Samuelson
Benson, J.E.	Flynn	Kroening	Neuville	Solon
Berg	Frank	Laidig	Novak	Spear
Berglin	Frederickson, D.J.	Langseth	Olson	Stumpf
Bernhagen	Frederickson, D.R.	Larson	Pappas	Terwilliger
Bertram	Gustafson	Lessard	Pariseau	Traub
Brataas	Halberg	Luther	Piper	Vickerman
Chmielewski	Hottinger	Marty	Pogemiller	Waldorf
Cohen	Hughes	McGowan	Price	
Dahl	Johnson, D.E.	Mehrkens	Ranum	
Davis	Johnson, D.J.	Merriam	Reichgott	

So the bill passed and its title was agreed to.

H.F. No. 1350: A bill for an act relating to retirement; major and statewide retirement plans; crediting service and salary when back pay is awarded in the event of a wrongful discharge; proposing coding for new law in Minnesota Statutes, chapter 356; repealing Minnesota Statutes 1991 Supplement, section 353.27, subdivision 5a.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Reichgott
Beckman	DeCramer	Johnston	Moe, R.D.	Renneke
Belanger	Dicklich	Kelly	Mondale	Riveness
Benson, J.E.	Finn	Knaak	Morse	Sams
Berg	Flynn	Kroening	Neuville	Samuelson
Berglin	Frank	Laidig	Novak	Solon
Bernhagen	Frederickson, D.J.	Langseth	Olson	Spear
Bertram	Frederickson, D.R.	Larson	Pappas	Stumpf
Brataas	Gustafson	Lessard	Pariseau	Terwilliger
Chmielewski	Halberg	Luther	Piper	Traub
Cohen	Hottinger	Marty	Pogemiller	Vickerman
Dahl	Hughes	McGowan	Price	Waldorf
Davis	Johnson, D.J.	Mehrkens	Ranum	

So the bill passed and its title was agreed to.

H.F. No. 2046: A bill for an act relating to commerce; motor vehicle lienholders; requiring notice to certain secured creditors before the vehicle is sold; amending Minnesota Statutes 1990, section 514.20.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Merriam	Ranum
Beckman	Day	Johnson, J.B.	Metzen	Reichgott
Belanger	DeCramer	Johnston	Moe, R.D.	Renneke
Benson, D.D.	Dicklich	Kelly	Mondale	Riveness
Benson, J.E.	Finn	Knaak	Morse	Sams
Berg	Flynn	Kroening	Neuville	Samuelson
Berglin	Frank	Laidig	Novak	Solon
Bernhagen	Frederickson, D.J.	Larson	Olson	Spear
Bertram	Frederickson, D.R.	Lessard	Pappas	Stumpf
Brataas	Gustafson	Luther	Pariseau	Terwilliger
Chmielewski	Halberg	Marty	Piper	Traub
Cohen	Hottinger	McGowan	Pogemiller	Vickerman
Dahl	Johnson, D.E.	Mehrkens	Price	Waldorf

So the bill passed and its title was agreed to.

H.F. No. 2640: A bill for an act relating to occupations and professions; elevators and boilers; providing that boilers used for mint oil extraction are considered to be used for agricultural or horticultural purposes; amending Minnesota Statutes 1991 Supplement, section 183.56.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Mehrkens	Ranum
Beckman	Day	Johnson, D.J.	Metzen	Reichgott
Belanger	DeCramer	Johnson, J.B.	Moe, R.D.	Renneke
Benson, D.D.	Dicklich	Johnston	Mondale	Riveness
Benson, J.E.	Finn	Knaak	Morse	Sams
Berg	Flynn	Kroening	Neuville	Samuelson
Berglin	Frank	Laidig	Novak	Solon
Bernhagen	Frederickson, D.J.	Langseth	Olson	Spear
Bertram	Frederickson, D.R.	Larson	Pappas	Stumpf
Brataas	Gustafson	Lessard	Pariseau	Terwilliger
Chmielewski	Halberg	Luther	Piper	Traub
Cohen	Hottinger	Marty	Pogemiller	Vickerman
Dahl	Hughes	McGowan	Price	Waldorf

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1728: A bill for an act relating to elected officials; compensation plans; prohibiting compensation for unused vacation and sick leave for certain elected officials of political subdivisions; amending Minnesota Statutes 1990, section 43A.17, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Renneke
Beckman	DeCramer	Johnston	Moe, R.D.	Riveness
Belanger	Dicklich	Kelly	Mondale	Sams
Benson, D.D.	Finn	Knaak	Morse	Samuelson
Benson, J.E.	Flynn	Kroening	Neuville	Solon
Berg	Frank	Laidig	Novak	Spear
Berglin	Frederickson, D.J.	Langseth	Olson	Stumpf
Bernhagen	Frederickson, D.R.	Larson	Pappas	Terwilliger
Bertram	Gustafson	Lessard	Pariseau	Traub
Brataas	Halberg	Luther	Piper	Vickerman
Chmielewski	Hottinger	Marty	Pogemiller	Waldorf
Cohen	Hughes	McGowan	Price	
Dahl	Johnson, D.E.	Mehrkens	Ranum	
Davis	Johnson, D.J.	Merriam	Reichgott	

So the bill passed and its title was agreed to.

H.F. No. 1489: A bill for an act relating to cooperatives; regulating regular or special meetings; requiring meetings to be open to members, with certain exceptions; proposing coding for new law in Minnesota Statutes, chapter 308A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Beckman	DeCramer	Johnson, J.B.	Merriam	Ranum
Belanger	Dicklich	Johnston	Metzen	Reichgott
Benson, D.D.	Finn	Kelly	Moe, R.D.	Renneke
Benson, J.E.	Flynn	Knaak	Mondale	Riveness
Berg	Frank	Kroening	Morse	Sams
Berglin	Frederickson, D.J.	Laidig	Neuville	Samuelson
Bernhagen	Frederickson, D.R.	Langseth	Novak	Solon
Bertram	Gustafson	Larson	Olson	Spear
Brataas	Halberg	Lessard	Pappas	Stumpf
Cohen	Hottinger	Luther	Pariseau	Terwilliger
Dahl	Hughes	Marty	Piper	Traub
Davis	Johnson, D.E.	McGowan	Pogemiller	Vickerman
Day	Johnson, D.J.	Mehrkens	Price	Waldorf

So the bill passed and its title was agreed to.

H.F. No. 2388: A bill for an act relating to local government; regulating certain interests in contracts by public officers; amending Minnesota Statutes 1990, section 471.88, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Riveness
Beckman	DeCramer	Johnston	Moe, R.D.	Sams
Belanger	Dicklich	Kelly	Mondale	Samuelson
Benson, D.D.	Finn	Knaak	Morse	Solon
Benson, J.E.	Flynn	Kroening	Neuville	Spear
Berg	Frank	Laidig	Novak	Stumpf
Berglin	Frederickson, D.J.	Langseth	Olson	Terwilliger
Bernhagen	Frederickson, D.R.	Larson	Pappas	Traub
Bertram	Gustafson	Lessard	Pariseau	Vickerman
Brataas	Halberg	Luther	Piper	Waldorf
Chmielewski	Hottinger	Marty	Pogemiller	
Cohen	Hughes	McGowan	Price	
Dahl	Johnson, D.E.	Mehrkens	Ranum	
Davis	Johnson, D.J.	Merriam	Renneke	

So the bill passed and its title was agreed to.

S.F. No. 1693: A bill for an act relating to crimes; providing that certain health care providers who administer medications to relieve another person's pain do not violate the law making it a crime to aid or attempt aiding suicide; authorizing certain licensure disciplinary options against physicians, physician assistants, nurses, dentists, and pharmacists who are convicted of aiding or attempting to aid suicide; amending Minnesota Statutes 1990, sections 147.091, subdivision 1; 148.261, subdivision 1; 150A.08, subdivision 1; 151.06, subdivision 1; and 609.215, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 147.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Reichgott
Beckman	DeCramer	Johnston	Moe, R.D.	Renneke
Belanger	Dicklich	Kelly	Mondale	Riveness
Benson, D.D.	Finn	Knaak	Morse	Sams
Benson, J.E.	Frank	Kroening	Neuville	Samuelson
Berg	Frederickson, D.J.	Laidig	Novak	Solon
Bernhagen	Frederickson, D.R.	Langseth	Olson	Spear
Bertram	Gustafson	Larson	Pappas	Stumpf
Brataas	Halberg	Lessard	Pariseau	Terwilliger
Chmielewski	Hottinger	Luther	Piper	Vickerman
Cohen	Hughes	McGowan	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Price	
Davis	Johnson, D.J.	Merriam	Ranum	

So the bill passed and its title was agreed to.

S.F. No. 2256: A bill for an act relating to regional development commissions; requiring regional development commissions to establish permit and license information centers; amending Minnesota Statutes 1990, sections 116C.34, subdivisions 1 and 3; and 462.391, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Johnson, J.B.	Metzen	Reichgott
Beckman	Finn	Johnston	Moe, R.D.	Riveness
Belanger	Flynn	Kelly	Mondale	Sams
Benson, D.D.	Frank	Knaak	Morse	Samuelson
Benson, J.E.	Frederickson, D.J.	Kroening	Neuville	Solon
Berglin	Frederickson, D.R.	Laidig	Novak	Spear
Bertram	Gustafson	Langseth	Pappas	Stumpf
Brataas	Halberg	Lessard	Pariseau	Terwilliger
Cohen	Hottinger	Luther	Piper	Traub
Dahl	Hughes	Marty	Pogemiller	Vickerman
Day	Johnson, D.E.	McGowan	Price	Waldorf
DeCramer	Johnson, D.J.	Mehrkens	Ranum	

Those who voted in the negative were:

Berg	Chmielewski	Larson	Olson	Renneke
Bernhagen	Davis	Merriam		

So the bill passed and its title was agreed to.

S.F. No. 2337: A bill for an act relating to human services; providing for medical assistance coverage of home health services delivered in a facility under certain circumstances; providing for medical assistance coverage of personal care services provided outside the home when authorized by the responsible party; allowing foster care providers to deliver personal care services if monitored; defining responsible party; allowing recipients to request continuation of services at a previously authorized level while an appeal is pending; requiring cost effectiveness of services to be considered; amending Minnesota Statutes 1991 Supplement, sections 256B.0625, subdivisions 6a and 19a; and 256B.0627, subdivisions 1, 4, 5, and 6.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Renneke
Beckman	DeCramer	Johnston	Moe, R.D.	Riveness
Belanger	Dicklich	Kelly	Mondale	Sams
Benson, D.D.	Finn	Knaak	Morse	Samuelson
Benson, J.E.	Flynn	Kroening	Neuville	Solon
Berg	Frank	Laidig	Novak	Spear
Berglin	Frederickson, D.J.	Langseth	Olson	Stumpf
Bernhagen	Frederickson, D.R.	Larson	Pappas	Terwilliger
Bertram	Gustafson	Lessard	Pariseau	Traub
Brataas	Halberg	Luther	Piper	Vickerman
Chmielewski	Hottinger	Marty	Pogemiller	Waldorf
Cohen	Hughes	McGowan	Price	
Dahl	Johnson, D.E.	Mehrkens	Ranum	
Davis	Johnson, D.J.	Merriam	Reichgott	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 40, Mr. Berg, first author, moved that S.F. No. 168 be withdrawn from the Committee on Judiciary, given its second reading and placed at the top of General Orders.

CALL OF THE SENATE

Mr. Berg imposed a call of the Senate for the balance of the proceedings on S.F. No. 168. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Berg.

The roll was called, and there were yeas 43 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Halberg	Larson	Renneke
Beckman	Dahl	Johnson, D.E.	Lessard	Sams
Belanger	Davis	Johnson, D.J.	McGowan	Samuelson
Benson, D.D.	Day	Johnston	Mehrkens	Solon
Benson, J.E.	Dicklich	Kelly	Metzen	Stumpf
Berg	Finn	Knaak	Morse	Terwilliger
Bernhagen	Frank	Kroening	Neuville	Vickerman
Bertram	Frederickson, D.R.	Laidig	Olson	
Brataas	Gustafson	Langseth	Pariseau	

Those who voted in the negative were:

Berglin	Hottinger	Merriam	Piper	Spear
Cohen	Hughes	Moe, R.D.	Price	Traub
DeCramer	Johnson, J.B.	Mondale	Ranum	Waldorf
Flynn	Luther	Novak	Reichgott	
Frederickson, D.J.	Marty	Pappas	Riveness	

The motion prevailed.

S.F. No. 168: A resolution memorializing the Congress of the United States to propose an amendment to the United States Constitution, for ratification by the states, specifying that Congress and the states shall have the power to prohibit the physical desecration of the flag of the United States.

S.F. No. 168 was read the second time.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 3:15 p.m. The motion prevailed.

The hour of 3:15 p.m. having arrived, the President called the Senate to order.

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

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

S.F. No. 1836: A bill for an act relating to financial institutions; currency exchanges; imposing distance limitations and operating restrictions; requiring local approval of licenses; amending Minnesota Statutes 1990, sections

53A.02; 53A.04; and 53A.05.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 8.31, subdivision 1, is amended to read:

Subdivision 1. [INVESTIGATE OFFENSES AGAINST THE PROVISIONS OF CERTAIN DESIGNATED SECTIONS; ASSIST IN ENFORCEMENT.] The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade, and specifically, but not exclusively, the nonprofit corporation act (sections 317A.001 to 317A.909), the act against unfair discrimination and competition (sections 325D.01 to 325D.08), the unlawful trade practices act (sections 325D.09 to 325D.16), the antitrust act (sections 325D.49 to 325D.66), section 325F.67 and other laws against false or fraudulent advertising, the antidiscrimination acts contained in section 325D.67, the act against monopolization of food products (section 325D.68), ~~and~~ the prevention of consumer fraud act (sections 325F.68 to 325F.70), *and chapter 53A regulating currency exchanges* and assist in the enforcement of those laws as in this section provided.

Sec. 2. Minnesota Statutes 1990, section 53A.02, is amended to read:

53A.02 [LICENSE.]

Subdivision 1. [REQUIREMENT.] A person may not engage in the business of a currency exchange without first obtaining a license from the commissioner. ~~A person may operate currency exchanges at more than one location with one license.~~ *Not more than one place of business may be operated under the same license, but the commissioner may issue more than one license to the same licensee upon compliance by the applicant with all the provisions of this chapter for each new license issued.*

Subd. 2. [DISTANCE LIMITATION.] *No license may be issued or renewed under this chapter if the place of business to be operated under the license is located or proposed to be located within one-half mile of another licensed currency exchange. The distance limitation imposed by this subdivision is measured by a straight line from the closest points of the closest structures involved.*

Subd. 3. [PROHIBITION.] *A licensee may not contract with another person or business entity to manage the currency exchange business. This subdivision does not prohibit the licensee from employing persons to operate a currency exchange facility.*

Sec. 3. Minnesota Statutes 1990, section 53A.03, is amended to read:

53A.03 [APPLICATION FOR LICENSE; FEES.]

(a) An application for a license must be in writing, under oath, and in the form prescribed and furnished by the commissioner and must contain the following:

(1) the full name and address (both of residence and place of business) of the applicant, and if the applicant is a partnership or association, of every member, and the name and business address if the applicant is a corporation;

(2) the county and municipality, with street and number, if any, of all

currency exchange locations operated by the applicant; and

(3) the applicant's occupation or profession, for the ten years immediately preceding the application; present or previous connection with any other currency exchange in this or any other state; whether the applicant has ever been convicted of any crime; and the nature of the applicant's occupancy of the premises to be licensed; and if the applicant is a partnership or a corporation, the information specified in this paragraph must be supplied for each partner and each officer and director of the corporation. If the applicant is a partnership or a nonpublicly held corporation, the information specified in this paragraph must be required of each partner and each officer, director, and stockholders owning in excess of ten percent of the corporate stock of the corporation.

(b) The application shall be accompanied by a nonrefundable fee of $250 for the review of the initial application. Upon approval by the commissioner, an additional license fee of $50 must be paid by the applicant as an annual license fee for the remainder of the calendar year. An annual license fee of $50 is due for each subsequent calendar year of operation upon submission of a license renewal application on or before December 1. Fees must be deposited in the state treasury and credited to the general fund. Upon payment of the required annual license fee, the commissioner shall issue a license for the year beginning January 1.

(c) The commissioner shall require the applicant to submit to a background investigation conducted by the bureau of criminal apprehension as a condition of licensure. The cost of the investigation must be paid by the applicant.

Sec. 4. Minnesota Statutes 1990, section 53A.04, is amended to read:

53A.04 [APPROVAL OR DENIAL OF AN APPLICATION.]

~~The commissioner shall approve or deny an application within 30 days from the completed filing of it.~~ *(a) Within 30 days after the receipt of a complete application, the commissioner shall deny the application or submit the application to the governing body of the local unit of government in which the applicant is located or is proposing to be located. The commissioner may not approve the application without the concurrence of the governing body. The governing body shall give published notice of its intention to consider the issue and shall solicit testimony from interested persons, including those in the community in which the applicant is located or is proposing to be located. If the governing body has not approved or disapproved the issue within 60 days of receipt of the application, concurrence is presumed. The commissioner must approve or disapprove the application within 30 days from receiving the decision of the governing body. The governing body shall have the sole responsibility for its decision. The state shall have no responsibility for that decision.*

(b) If the application is denied, the commissioner shall send by mail notice of the denial and the reason for the denial to the applicant at the address contained in the application. If an application is denied, the applicant may, within 30 days of receiving the notice of a denial, request a contested case hearing pursuant to chapter 14*; provided that if the denial is based upon the refusal of the governing body to concur the governing body must afford the applicant a hearing. The applicant shall have no right to the hearing provided for in this section if the denial is based upon the governing body's refusal to concur but shall have a hearing before the governing body.*

(c) This section applies to initial applications and renewal applications.

(d) The state shall have no responsibility for the action of the governing body.

Sec. 5. Minnesota Statutes 1990, section 53A.05, is amended to read:

53A.05 [CHANGE OF NAME OR LOCATION.]

If a licensee proposes to change the name or location of any or all of its currency exchanges, ~~or adds a new currency exchange location,~~ the licensee shall file an application for approval of the change with the commissioner. *The commissioner shall not approve a change of location if the requirements of sections 53A.02, subdivision 2, and 53A.04 have not been satisfied.* If the change is approved by the commissioner, the commissioner shall issue an amended license in the licensee's new name or location. A $50 fee must be paid for the amended license.

Sec. 6. Minnesota Statutes 1990, section 53A.08, is amended to read:

53A.08 [BOND.]

~~Any~~ *Before a license may be issued to a* currency exchange ~~that engages in the sale of money orders or travelers' checks shall comply with bonding requirements pursuant to section 48.151~~, *the applicant shall file annually with and have approved by the commissioner a surety bond, issued by a bonding company authorized to do business in this state in the principal amount of $10,000. The bond must run to the commissioner and is for the benefit of creditors of the currency exchange for liability incurred by the currency exchange on money orders issued or sold by the currency exchange, for liability incurred by the currency exchange for sums due to a payee or endorsee of a check, draft, or money order left with the currency exchange for collection, and for liability incurred by the currency exchange in connection with providing currency exchange services. The commissioner may require a licensee to file a bond in an additional amount if the commissioner considers it necessary to meet the requirements of this section. In no case may the bond be less than the initial $10,000 or more than the outstanding liabilities.*

Sec. 7. [53A.081] [ANNUAL REPORT AND INVESTIGATIONS.]

Subdivision 1. [ANNUAL REPORT.] *On or before March 1, a licensee shall file an annual report with the commissioner for the previous calendar year. The report must contain information that the commissioner may reasonably require concerning, and for the purpose of examining, the business and operations of each licensed currency exchange.*

Subd. 2. [INVESTIGATION.] *The commissioner may at any time and shall at least once in each year investigate the currency exchange business of any licensee and of every person, partnership, association, and corporation engaged in the business of operating a currency exchange in the manner provided under section 45.027.*

Sec. 8. [REPEALER.]

Minnesota Statutes 1990, section 53A.14, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment. Section 2, subdivision 2, applies to licenses issued for new places of business that begin operating on or after the effective date. Sections 1; 2, subdivision 1; and 3 to 8 apply to licenses issued or renewed on or after that date."

Delete the title and insert:

"A bill for an act relating to financial institutions; currency exchanges; imposing distance limitations and operating restrictions; requiring local approval of licenses; amending Minnesota Statutes 1990, sections 8.31, subdivision 1; 53A.02; 53A.03; 53A.04; 53A.05; and 53A.08; proposing coding for new law in Minnesota Statutes, chapter 53A; repealing Minnesota Statutes 1990, section 53A.14."

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

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

S.F. No. 2212: A bill for an act relating to commerce; regulating service of process on certain corporations; carrying out the intent of the legislature to make uniform the statutory service of process provisions under the jurisdiction of the department of commerce; regulating insurance agent licensing and education; regulating conversion privileges on accident and health policies; modifying coverage for diagnostic procedures for cancer; regulating crop hail adjusters; making various technical changes; amending Minnesota Statutes 1990, sections 48.185, subdivision 7; 60A.17, subdivision 1a; 60A.1701, subdivisions 3 and 7; 60A.19, subdivision 4; 60A.21, subdivision 2; 60D.02, subdivision 8; 62A.21, subdivision 2b; 62A.30, subdivision 1; 62A.54; 62E.16; 64B.35, subdivision 2; 71A.02, subdivision 3; 72A.22, subdivision 5; 72A.37, subdivision 2; 72A.43, subdivision 2; 72B.02, by adding a subdivision; 72B.03, subdivision 2; 72B.04, subdivision 6; 80A.27, subdivisions 7 and 8; 80C.20; 82.31, subdivision 3; 82A.22, subdivisions 1 and 2; 82B.15, subdivision 3; 83.39, subdivisions 1 and 2; and 543.08; repealing Minnesota Statutes 1990, section 65B.70.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL INSURANCE PROVISIONS

Section 1. Minnesota Statutes 1990, section 45.012, is amended to read:

45.012 [COMMISSIONER.]

(a) The department of commerce is under the supervision and control of the commissioner of commerce. The commissioner is appointed by the governor in the manner provided by section 15.06.

(b) Data that is received by the commissioner or the commissioner's designee by virtue of membership or participation in an association, group, or organization that is not otherwise subject to chapter 13 is confidential or protected nonpublic data but may be shared with the department employees as the commissioner considers appropriate. The commissioner may release the data to any person, agency, or the public if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

Sec. 2. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 1, is amended to read:

Subdivision 1. [GENERAL POWERS.] In connection with the administration of chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule or order *adopted or issued* under those chapters, or to aid in the enforcement of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or in the prescribing of rules or forms under those chapters;

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

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, to the legislature;

(5) examine the books, accounts, records, and files of every licensee under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, and of every person who is engaged in any activity regulated under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

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

(7) require any person subject to chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, to report all sales or transactions that are regulated under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Sec. 3. Minnesota Statutes 1990, section 45.027, is amended by adding a subdivision to read:

Subd. 1a. [RESPONSE TO DEPARTMENT REQUESTS.] *An applicant, registrant, certificate holder, licensee, or other person subject to the jurisdiction of the commissioner shall comply with requests for information, documents, or other requests from the department within the time specified in the request, or, if no time is specified, within 30 days of the mailing of the request by the department. Applicants, registrants, certificate holders, licensees, or other persons subject to the jurisdiction of the commissioner shall appear before the commissioner or the commissioner's representative when requested to do so and shall bring all documents or materials that the commissioner or the commissioner's representative has requested.*

Sec. 4. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 2, is amended to read:

Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, ~~or~~ proceeding, *or inquiry* under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

Sec. 5. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 5, is amended to read:

Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.] Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule ~~or order~~ adopted *or order issued* under those chapters, the commissioner has the following powers: (1) the commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule or order adopted or issued under those chapters, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted; (2) the commissioner may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule or order adopted or issued under those chapters. The order must be calculated to give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner, unless the person requesting the hearing and the department of commerce agree the hearing be scheduled after the seven-day period. After the hearing and within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this subdivision.

Sec. 6. Minnesota Statutes 1991 Supplement, section 45.027, subdivision 6, is amended to read:

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed $2,000 per violation upon a person who violates chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, *or any rule adopted or order issued under those chapters* unless a different penalty is specified.

Sec. 7. Minnesota Statutes 1991 Supplement, section 45.027, subdivision

7, is amended to read:

Subd. 7. [ACTIONS AGAINST LICENSEES.] In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to chapters 45 to 83, 155A, 309, or 332, or sections 326.83 to 326.98, or censure that person if the commissioner finds that:

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

(2) the person has violated chapters 45 to 83, 155A, 309, or 332, or sections 326.83 to 326.98 *or any rule adopted or order issued under those chapters*.

The commissioner may make any data otherwise classified as private or confidential pursuant to this section accessible to an appropriate person or agency if the licensing agency determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

Sec. 8. Minnesota Statutes 1990, section 45.027, is amended by adding a subdivision to read:

Subd. 10. [REHABILITATION OF CRIMINAL OFFENDERS.] *Chapter 364 does not apply to an applicant for a license or licensee where the underlying conduct on which the conviction is based would be grounds for denial, censure, suspension, or revocation of the license.*

Sec. 9. Minnesota Statutes 1990, section 59A.08, subdivision 1, is amended to read:

Subdivision 1. A premium finance agreement shall:

(a) Be dated and signed by or on behalf of the insured, and the printed portion thereof shall be in at least eight point type;

(b) Contain the name and place of business of the insurance agent or insurance broker negotiating the related insurance contract, the name and residence or the place of business of the insured as specified, the name and place of business of the premium finance company to which installments or other payments are to be made, *the name of the insurer issuing the related insurance contract*, a description of the insurance contracts including the term and type of policy, the premiums for which are advanced or are to be advanced under the agreement and the amount of the premiums therefor; and

(c) Set forth the following items where applicable:

(1) The total amount of the premiums,

(2) The amount of the down payment,

(3) The balance of premiums due, the amount financed (the difference between items (1) and (2)),

(4) The amount of the finance charge,

(5) The amount of the flat service fee,

(6) The total of payments (sum of items (3), (4) and (5)).

Sec. 10. Minnesota Statutes 1990, section 59A.08, subdivision 4, is amended to read:

Subd. 4. The premium finance company or the insurance agent shall deliver to the insured, or mail to the insured at the address shown in the agreement, a completed copy of that agreement. *Within 15 days of receiving the policy number of the policy being financed, the premium finance company shall mail to the insurer a notice of financed premium, which contains the term, amount of premium, and type of policy being financed.*

Sec. 11. Minnesota Statutes 1990, section 59A.11, subdivision 4, is amended to read:

Subd. 4. Where statutory, regulatory or contractual restrictions provide that the insurance contract may not be canceled unless notice is given to a governmental agency, mortgagee, or other third party, the insurer shall give the prescribed notice on behalf of itself or the insured to the governmental agency, mortgagee or other third party within ~~a reasonable time~~ *five business days* after the day it receives the notice of cancellation from the premium finance company. When the above restrictions require the continuation of insurance beyond the effective date of cancellation specified by the premium finance company, the insurance shall be limited to the coverage to which the restrictions relate and to the persons they are designed to protect.

Sec. 12. Minnesota Statutes 1990, section 59A.12, subdivision 1, is amended to read:

Subdivision 1. Whenever a financed insurance contract is canceled, within 30 days of the effective date of cancellation, *if the premium finance company has notified the insurer that the premiums are financed,* the insurer shall return whatever gross unearned premiums, computed pro rata, are due under the insurance contract to the premium finance company for the account of the insured or insureds. This action by the insurer satisfies the insurer's obligations under the insurance contract which relate to the return of the unearned premiums.

Sec. 13. Minnesota Statutes 1990, section 60A.02, is amended by adding a subdivision to read:

Subd. 1a. [ASSOCIATION OR ASSOCIATIONS.] *"Association" or "associations" means an organized body of people who have some interest in common and that has at the onset a minimum of 100 persons; is organized and maintained in good faith for purposes other than that of obtaining insurance; and has a constitution and bylaws which provide that: (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members; (2) except for credit unions, the association or associations collect dues or solicit contributions from members; (3) the members have voting privileges and representation on the governing board and committees, which provide the members with control of the association including the purchase and administration of insurance products offered to members; and (4) the members are not, within the first 30 days of membership, directly solicited, offered, or sold an insurance policy if the policy is available as an association benefit.*

Sec. 14. Minnesota Statutes 1990, section 60A.03, subdivision 2, is amended to read:

Subd. 2. [POWERS OF COMMISSIONER.] ~~(1) [ENFORCEMENT.]~~ The commissioner shall have and exercise the power to enforce all the laws of this state relating to insurance, and shall enforce all the provisions of the laws of this state relating to insurance.

~~(2) [DEPARTMENT OF COMMERCE.] The commissioner shall have and possess all the rights and powers and perform all the duties heretofore vested by law in the commissioner of commerce, except that applications for registrations of securities and brokers' licenses under sections 80A.01 to 80A.31, and all matters pertaining to such registrations and licenses, application for the organization and establishment of new financial institutions under sections 46.041, 46.043, and 46.044, applications by insuring companies for licenses to carry on business within the state, and all matters pertaining to such licenses, and applications for the consolidation of insuring companies transacting business within the state, shall be determined by the commissioner~~ in the manner provided by the laws defining the powers and duties of the commissioner of commerce, ~~and the state securities commission, respectively,~~ or, in the absence of any law prescribing the procedure, by ~~such~~ *any* reasonable procedure ~~as~~ the ~~commission, as defined in chapter 45, may prescribe~~ *commissioner prescribes*.

Sec. 15. Minnesota Statutes 1990, section 60A.07, subdivision 1, is amended to read:

Subdivision 1. [INCORPORATION.] Except when the manner of organization is specifically otherwise provided in sections dealing with these insurers, domestic insurance corporations shall be organized under and governed by chapter 300. The articles or certificate of incorporation must meet the requirements of section 300.025, ~~except~~ *other than:*

(1) the requirement that a majority of board members shall always be residents of this state; and

(2) the requirements of section 300.025, clause (7).

Sec. 16. Minnesota Statutes 1990, section 60A.07, subdivision 10, is amended to read:

Subd. 10. [SPECIAL PROVISIONS AS TO LIFE COMPANIES.] (1) [PREREQUISITES OF LIFE COMPANIES.] No mutual life company shall be qualified to issue any policy until applications for at least $200,000 of insurance, upon lives of at least 200 separate residents, have been actually and in good faith made, accepted, and entered upon its books and at least one full annual premium thereunder, based upon the authorized table of mortality, received in cash or in absolutely payable and collectible notes. A duplicate receipt for each premium, conditioned for the return thereof unless the policy be issued within one year thereafter, shall be issued, and one copy delivered to the applicant and the other filed with the commissioner, together with the certificate of a solvent authorized bank in the state, of the deposit therein of such cash and notes, aggregating the amount aforesaid, specifying the maker, payee, date, maturity, and amount of each. Such cash and notes shall be held by it not longer than one year, and at or before the expiration thereof to be by it paid or delivered, upon the written order of the commissioner, to such company or applicants, respectively.

(2) [FOREIGN COMPANIES MAY BECOME DOMESTIC.] Any company organized under the laws of any other state or country, which might have been originally incorporated under the laws of this state, and which has been admitted to do business therein for either or both the purpose of life or accident insurance, upon complying with all the requirements of law relative to the execution, filing, recording and publishing of original certificates and payment of incorporation fees by like domestic corporations, therein designating its principal place of business at a place in this state,

may become a domestic corporation, and be entitled to like certificates of its corporate existence and license to transact business in this state, and be subject in all respects to the authority and jurisdiction thereof.

(3) [TEMPORARY CAPITAL STOCK OF MUTUAL LIFE COMPANIES.] A new mutual life insurance company which has complied with the provisions of clause (1) or an existing mutual life insurance company may establish, a temporary capital of, such amount not less than $100,000, as may be approved by the commissioner. Such temporary capital shall be invested by the company in the same manner as is provided for the investment of its other funds. Out of the net surplus of the company the holders of the temporary capital stock may receive a dividend of not more than eight percent per annum, which may be cumulative. This capital stock shall not be a liability of the company ~~except that it~~ *but* shall be retired ~~as soon as, but not before, the surplus of the company remaining after its retirement shall be not less than the temporary capital so established~~ *within a reasonable time and according to terms approved by the commissioner*. At the time for the retirement of this capital stock, the holders shall be entitled to receive from the company the par value thereof and any dividends thereon due and unpaid, and thereupon the stock shall be surrendered and canceled~~, and the right to vote thereon shall cease~~. *In the event of the liquidation of the company, the holders of temporary capital stock shall have the same preference in the assets of the company as shareholders have in a stock insurance company.*

Temporary capital stock may be issued with or without voting rights. If issued with voting rights, the holders shall, at all meetings, be entitled to one vote for each $10 of temporary capital stock held.

Sec. 17. Minnesota Statutes 1990, section 60A.12, subdivision 4, is amended to read:

Subd. 4. [UNEARNED PREMIUMS RESERVE.] (1) [FOR COMPANIES OTHER THAN LIFE OR TITLE.] To determine the policy liability of any company other than life or title insurance, and the amount the company shall hold as reserve, the commissioner shall take 50 percent of the aggregate premiums, on policies running one year or less from date of policy, and a pro rata rate amount on policies running more than one year from date of policy, except upon inland and marine risks, which the commissioner shall compute by charging 50 percent of the amount of premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated. In case of any fire and marine company with less than $200,000 capital admitted to transact in this state fire business only, the full amount of premiums written in its marine and inland navigation and transportation policies shall be charged as liability.

(2) [SPECIAL PROVISIONS FOR MUTUAL FIRE COMPANIES WITH A CONTINGENT LIABILITY.] In case of a mutual fire insurance company with a policyholders' contingent liability fixed by its bylaws and in its policies as provided by law, to determine the amount of this reinsurance reserve, the commissioner shall take 25 percent of the aggregate premiums running one year or less from date of policy, and 50 percent of the pro rata amount on policies running more than one year from date of policy.

(3) [CASUALTY COMPANIES WRITING LIABILITY OR WORKERS' COMPENSATION.] In case of a casualty insurance company writing insurance against loss or damage resulting from accident to or injuries suffered

by an employee or other person and for which the insured is liable, and under insurance against loss from liability on account of the death of or injury to an employee not caused by the negligence of an employer, the commissioner shall charge as a liability, in addition to the capital stock and all other outstanding indebtedness of the corporation:

~~The premium reserve on policies in force, equal to 50 percent of the gross premiums charged for covering the risks, provided, that the commissioner may charge a premium reserve equal to the unearned portions of the gross premiums charged, computed on each respective risk from the date of the issuance of the policy~~ *Notwithstanding any other provision of this subdivision, an unearned premium reserve shall be required based only on the timing and the amount of the recorded written premium.*

(4) [PROVISION FOR ANNUAL PAYMENT TERM POLICIES.] A policy for a term of years on which the premium is payable annually shall be considered a policy for one year.

Sec. 18. Minnesota Statutes 1991 Supplement, section 60A.13, subdivision 3a, is amended to read:

Subd. 3a. [ANNUAL AUDIT.] Every insurance company doing business in this state, including fraternal ~~beneficiary associations~~ *benefit societies*, reciprocal exchanges, service plan corporations licensed pursuant to chapter 62C, and legal service plans licensed pursuant to chapter 62G, unless exempted by the commissioner pursuant to subdivision 4a or by subdivision 7 shall have an annual audit of the financial activities of the most recently completed fiscal year performed by an independent certified public accountant as prescribed by the commissioner, and shall file the report of this audit with the commissioner not more that six months following the close of the company's fiscal year. ~~Any insurer required by this subdivision to file an annual audit which does not currently have its financial statement audited shall file its first audit with the commissioner not later than June 30, 1983. All other insurers shall file their annual audits beginning June 30, 1982.~~

Sec. 19. Minnesota Statutes 1990, section 60A.1701, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] This section does not apply to:

(a) persons soliciting or selling solely on behalf of companies organized and operating according to chapter 67A; or

(b) persons holding life and health, or property and casualty licenses who, ~~by February 28 of each year~~ *at the time of license renewal*, certify to the commissioner in writing that they will sell only credit life, credit health, and credit property insurance, during that year and do in fact so limit their sale of insurance.

Sec. 20. Minnesota Statutes 1990, section 60A.1701, subdivision 7, is amended to read:

Subd. 7. [CRITERIA FOR COURSE ACCREDITATION.] (a) The commissioner may accredit a course only to the extent it is designed to impart substantive and procedural knowledge of the insurance field. The burden of demonstrating that the course satisfies this requirement is on the individual or organization seeking accreditation. The commissioner shall approve any educational program approved by Minnesota Continuing Legal Education relating to the insurance field.

(b) The commissioner shall approve or disapprove professional designation examinations that are recommended for approval by the advisory task force. In order for an agent to receive full continuing education credit for a professional designation examination, the agent must pass the examination. An agent may not receive credit for classroom instruction preparing for the professional designation examination and also receive continuing education credit for passing the professional designation examination.

(c) The commissioner may not accredit a course:

(1) that is designed to prepare students for a license examination;

(2) in mechanical office or business skills, including typing, speedreading, use of calculators, or other machines or equipment;

(3) in sales promotion, including meetings held in conjunction with the general business of the licensed agent;

(4) in motivation, the art of selling, psychology, or time management;

~~(5) unless the student attends classroom instruction conducted by an instructor approved by the department of commerce;~~ or

~~(6)~~ *(5)* which can be completed by the student at home or outside the classroom without the supervision of an instructor approved by the department of commerce, *except that home-study courses may be accredited by the commissioner if the student is a nonresident agent residing in a state which is not contiguous to Minnesota.*

Sec. 21. Minnesota Statutes 1990, section 60A.201, subdivision 4, is amended to read:

Subd. 4. [LISTS OF UNAVAILABLE LINES OF INSURANCE; MAINTENANCE.] The commissioner shall maintain on a current basis a list of those lines of insurance for which coverages are believed by the commissioner to be generally unavailable from licensed insurers. The commissioner shall republish a list and make *it* available to all licensees ~~the list every six months~~ *at least annually*. Any person may request in writing that the commissioner add or remove coverage from the current list at the next publication of the list. The commissioner's determinations of coverages to be added to or removed from the list shall not be subject to the administrative procedure act but prior to making determinations the commissioner shall provide opportunity for comment from interested parties.

Sec. 22. Minnesota Statutes 1990, section 60A.203, is amended to read:

60A.203 [~~LICENSEES TO FILE EVIDENCE OF TRANSACTIONS~~ *FILING REQUIREMENTS.*]

Each surplus lines licensee shall keep a separate account of each transaction entered into pursuant to sections 60A.195 to 60A.209. Evidence of these transactions shall be ~~filed with the commissioner~~ *documented* in the form~~,~~ *and* manner~~, and time~~ designated by the commissioner ~~or if designated by the commissioner, with an association~~ *and retained by the licensee for a minimum of five years. The forms must be readily available for review and audit by the commissioner.*

Sec. 23. Minnesota Statutes 1990, section 60A.206, subdivision 3, is amended to read:

Subd. 3. [STANDARDS TO BE MET BY INSURERS.] (a) The commissioner shall recognize the insurer as an eligible surplus lines insurer

when satisfied that the insurer is in a stable, unimpaired financial condition and that the insurer is qualified to provide coverage in compliance with sections 60A.195 to 60A.209. If filed with full supporting documentation before July 1 of any year, applications submitted under subdivision 2 shall be acted upon by the commissioner before December 31 of the year of submission.

(b) The commissioner shall not authorize an insurer as an eligible surplus lines insurer unless the insurer continuously maintains capital and surplus of at least $3,000,000 and transaction of business by the insurer is not hazardous, financially or otherwise, to its policyholders, its creditors, or the public. Each alien surplus lines insurer shall have current financial data filed with the National Association of Insurance Commissioners Nonadmitted Insurers Information Office.

(c) Eligible surplus lines insurers domiciled within the United States shall file an annual statement and an annual financial audit, under the terms and conditions of section 60A.13, subdivisions 1, 3a, and 6, and are subject to the penalties of section 72A.061 in regard to those requirements. The commissioner also has the powers provided in section 60A.13, subdivision 2, in regard to eligible surplus lines insurers.

(d) Eligible surplus lines insurers domiciled outside the United States shall file an annual statement on the standard Nonadmitted Insurers Information Office Financial Reporting Format as prescribed by the National Association of Insurance Commissioners and an annual financial audit performed by an independent accounting firm.

Sec. 24. Minnesota Statutes 1990, section 60B.03, is amended by adding a subdivision to read:

Subd. 20. [AFFILIATE OR AFFILIATED.] *An "affiliate" of, or a person "affiliated" with, a specific person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.*

Sec. 25. Minnesota Statutes 1990, section 60B.15, is amended to read:

60B.15 [GROUNDS FOR REHABILITATION.]

The commissioner may apply by verified petition to the district court for Ramsey county or for the county in which the principal office of the insurer is located for an order directing the commissioner to rehabilitate a domestic insurer or an alien insurer domiciled in this state on any one or more of the following grounds:

(1) Any ground on which the commissioner may apply for an order of liquidation under section 60B.20, whenever the commissioner believes that the insurer may be successfully rehabilitated without substantial increase in the risk of loss to creditors of the insurer, its policyholders or to the public;

(2) That the commissioner has reasonable cause to believe that there has been theft from the insurer, wrongful sequestration or diversion of the insurer's assets, forgery or fraud affecting the insurer or other illegal conduct in, by or with respect to the insurer, which endanger assets in an amount threatening insolvency of the insurer;

(3) That substantial and unexplained discrepancies exist between the insurer's records and the most recent annual report or other official company

reports;

(4) That the insurer, after written demand by the commissioner, has failed to remove any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee, or other person, if the person has been found by the commissioner after notice and hearing to be dishonest or untrustworthy in a way affecting the insurer's business such as is the basis for action under section 60A.051;

(5) That control of the insurer, whether by stock ownership or otherwise, and whether direct or indirect, is in one or more persons found by the commissioner after notice and hearing to be dishonest or untrustworthy such as is the basis for action under section 60A.051;

(6) That the insurer, after written demand by the commissioner, has failed within a reasonable period of time to terminate the employment and status and all influences on management of any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee or other person if the person has refused to submit to lawful examination under oath by the commissioner concerning the affairs of the insurer, whether in this state or elsewhere;

(7) That after lawful written demand by the commissioner the insurer has failed to submit promptly any of its own property, books, accounts, documents, or other records, or those of any subsidiary or related company within the control of the insurer, or those of any person having executive authority in the insurer so far as they pertain to the insurer, to reasonable inspection or examination by the commissioner or an authorized representative. If the insurer is unable to submit the property, books, accounts, documents, or other records of a person having executive authority in the insurer, it shall be excused from doing so if it promptly and effectively terminates the relationship of the person to the insurer;

(8) That without first obtaining the written consent of the commissioner, or if required by law, the written consent of the attorney general, the insurer has transferred, or attempted to transfer, substantially its entire property or business, or has entered into any transaction the effect of which is to merge, consolidate, or reinsure substantially its entire property or business of any other person;

(9) That the insurer or its property has been or is the subject of an application for the appointment of a receiver, trustee, custodian, conservator or sequestrator or similar fiduciary of the insurer or its property otherwise than as authorized under sections 60B.01 to 60B.61, and that such appointment has been made or is imminent, and that such appointment might divest the courts of this state of jurisdiction or prejudice orderly delinquency proceedings under sections 60B.01 to 60B.61;

(10) That within the previous year the insurer has willfully violated its charter or articles of incorporation or its bylaws or any applicable insurance law or regulation of any state, or of the federal government, or any valid order of the commissioner under section 60B.11 in any manner or as to any matter which threatens substantial injury to the insurer, its creditors, it policyholders or the public, or having become aware within the previous year of an unintentional or willful violation has failed to take all reasonable steps to remedy the situation resulting from the violation and to prevent the same violations in the future;

(11) That the directors of the insurer are deadlocked in the management

of the insurer's affairs and that the members or shareholders are unable to break the deadlock and that irreparable injury to the insurer, its creditors, its policyholders, or the public is threatened by reason thereof;

(12) That the insurer has failed to pay for 60 days after due date any obligation to this state or any political subdivision thereof or any judgment entered in this state, except that such nonpayment shall not be a ground until 60 days after any good faith effort by the insurer to contest the obligation or judgment has been terminated, whether it is before the commissioner or in the courts;

(13) That the insurer has failed to file its annual report or other report within the time allowed by law, and after written demand by the commissioner has failed to give an adequate explanation immediately;

(14) That two-thirds of the board of directors, or the holders of a majority of the shares entitled to vote, or a majority of members or policyholders of an insurer subject to control by its members or policyholders, consent to rehabilitation under sections 60B.01 to 60B.61;

(15) That the insurer is engaging in a systematic practice of reaching settlements with and obtaining releases from policyholders or third party claimants and then unreasonably delaying payment of or failing to pay the agreed upon settlements;

(16) That the insurer is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors, or the public;

(17) That within the previous 12 months the insurer has systematically attempted to compromise with its creditors on the ground that it is financially unable to pay its claims in full;

(18) In the context of a health maintenance organization, "insurer" when used in clauses (1) to (17) means "health maintenance organization." In addition to the grounds in clauses (1) to (17), any one of the following constitutes grounds for rehabilitation of a health maintenance organization:

(a) the health maintenance organization is unable or is expected to be unable to meet its debts as they become due;

(b) grounds exist under section 62D.042, subdivision 7;

(c) the health maintenance organization's liabilities exceed the current value of its assets, exclusive of intangibles and, where the guaranteeing organization's financial condition no longer meets the requirements of sections 62D.041 and 62D.042, exclusive of any deposits, letters of credit, or guarantees provided by any guaranteeing organization under chapter 62D;

(d) in addition to grounds under clause (16), within the last year the health maintenance organization has failed, and the commissioner of health expects such failure to continue in the future, to make comprehensive medical care adequately available and accessible to its enrollees and the health maintenance organization has not successfully implemented a plan of corrective action pursuant to section 62D.121, subdivision 7; and

(e) in addition to grounds under clause (16), within the last year the directors or officers of the health maintenance organization willfully violated the requirements of section 317A.251, or having become aware within the previous year of an unintentional or willful violation of section 317A.251, have failed to take all reasonable steps to remedy the situation resulting

from the violation and to prevent the same violation in the future:

(19) An affiliate of the insurer has been placed in conservatorship, rehabilitation, liquidation, or other court supervision such that the insurer's financial condition may be jeopardized.

Sec. 26. Minnesota Statutes 1990, section 60B.17, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL DEPUTY COMMISSIONER.] The commissioner as rehabilitator shall ~~make every reasonable effort to employ an active or retired senior executive from a successful insurer to serve as~~ *employ a* special deputy commissioner to rehabilitate the insurer. The special deputy shall have all of the powers of the rehabilitator granted under this section. ~~To obtain a suitable special deputy, the commissioner may consult with and obtain the assistance and advice of executives of insurers doing business in this state.~~ Subject to court approval, the commissioner shall make ~~such~~ arrangements for compensation as are necessary to obtain a special deputy of proven ability. The special deputy shall serve at the pleasure of the commissioner.

Sec. 27. Minnesota Statutes 1991 Supplement, section 60D.15, subdivision 4, is amended to read:

Subd. 4. [CONTROL.] The term "control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with ~~or~~, corporate office held by, *or court appointment of*, the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by section 60D.19, subdivision 11, that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

Sec. 28. Minnesota Statutes 1991 Supplement, section 60D.17, subdivision 4, is amended to read:

Subd. 4. [APPROVAL BY COMMISSIONER; HEARINGS.] (a) The commissioner shall approve any merger or other acquisition of control referred to in subdivision 1 unless, after a public hearing, the commissioner finds that:

(1) After the change of control, the domestic insurer referred to in subdivision 1 would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed, *unless the domestic insurer is in rehabilitation or other court-ordered supervision and the acquiring party commits to a plan that would enable the domestic insurer to satisfy the requirements for the issuance of a license within a reasonable amount of time*;

(2) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create

a monopoly therein in applying the competitive standard in this subdivision:

(i) the informational requirements of section 60D.18, subdivision 3, paragraph (b), and the standards of section 60D.18, subdivision 4, paragraph (c), shall apply;

(ii) the merger or other acquisition shall not be disapproved if the commissioner finds that any of the situations meeting the criteria provided by section 60D.18, subdivision 4, paragraph (c), exist; and

(iii) the commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(3) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(4) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest;

(5) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(6) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

(b) The public hearing referred to in paragraph (a) must be held 30 days after the statement required by subdivision 1 is filed, and at least 20 days notice of it shall be given by the commissioner to the person filing the statement. Not less than seven days notice of the public hearing shall be given by the person filing the statement to the insurer and to other persons designated by the commissioner. The commissioner shall make a determination within 30 days after the conclusion of the hearing. At the hearing, the person filing the statement, the insurer, any person to whom notice of hearing was sent, and any other person whose interest may be affected by it may present evidence, examine and cross-examine witnesses, and offer oral and written arguments and may conduct discovery proceedings in the same manner as is presently allowed in the district courts of this state. All discovery proceedings must be concluded not later than three days before the start of the public hearing.

(c) The commissioner may retain at the acquiring person's expense any attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the proposed acquisition of control.

Sec. 29. Minnesota Statutes 1990, section 62A.10, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] Group accident and health insurance is hereby declared to be that form of accident and health insurance covering not less than two employees nor less than ten members, and which may include the employee's or member's dependents, consisting of husband, wife, children, and actual dependents residing in the household, written under a

master policy issued to any governmental corporation, unit, agency, or department thereof, or to any corporation, copartnership, individual, employer, or to any association ~~having a constitution or bylaws and formed in good faith for purposes other than that of obtaining insurance under the provisions of this chapter~~ *as defined by section 60A.02, subdivision 1a*, where officers, members, employees, or classes or divisions thereof, may be insured for their individual benefit.

Any insurer authorized to write accident and health insurance in this state shall have power to issue group accident and health policies.

Sec. 30. Minnesota Statutes 1990, section 62A.21, subdivision 2b, is amended to read:

Subd. 2b. [CONVERSION PRIVILEGE.] Every policy described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an insured, without providing evidence of insurability, to obtain from the insurer at the expiration of any continuation of coverage required under subdivision 2a or sections 62A.146 and 62A.20, conversion coverage providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. ~~A policy providing reduced benefits at a reduced premium rate may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision.~~ The individual policy shall be renewable at the option of the ~~former spouse~~ *insured* as long as the ~~former spouse~~ *insured* is not covered under another qualified plan as defined in section 62E.02, subdivision 4. Any revisions in the table of rate for the individual policy shall apply to the ~~former spouse's~~ *insured's* original age at entry and shall apply equally to all similar policies issued by the insurer.

A policy providing reduced benefits at a reduced premium rate may be accepted by the insured in lieu of the optional coverage otherwise required by this subdivision.

Sec. 31. Minnesota Statutes 1990, section 62A.30, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance, health maintenance contracts regulated under chapter 62D, health benefit certificates offered through a fraternal beneficiary association regulated under chapter 64B, and ~~group~~ subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, but does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis, or policies that provide only accident coverage.

Sec. 32. Minnesota Statutes 1990, section 62A.48, subdivision 8, is amended to read:

Subd. 8. [CANCELLATION FOR NONPAYMENT OF PREMIUM.] No individual long-term care policy shall be canceled for nonpayment of premium unless the insurer, at least 30 days before the effective date of the cancellation, has given notice to the insured and to those persons designated pursuant to section 62A.48, subdivision 1, at the address provided by the insured for purposes of receiving notice of cancellation. *This subdivision*

does not apply to a long-term care policy upon which premiums are paid at a monthly interval.

Sec. 33. Minnesota Statutes 1990, section 62A.54, is amended to read:

62A.54 [PROHIBITED PRACTICES.]

Unless otherwise provided for in ~~Laws 1986, chapter 397,~~ sections ~~2 to~~ 8 *62A.46 to 62A.56*, the solicitation or sale of long-term care policies is subject to the requirements and penalties applicable to the sale of Medicare supplement insurance policies as set forth in sections 62A.31 to 62A.44.

It is misconduct for any agent or company to make any misstatements concerning eligibility or coverage under the medical assistance program, or about how long-term care costs will or will not be financed if a person does not have long-term care insurance. Any agent or company providing information on the medical assistance program shall also provide information about how to contact the county human services department or the state department of human services.

Sec. 34. Minnesota Statutes 1990, section 62E.02, subdivision 21, is amended to read:

Subd. 21. "Self-insurer" means an employer or an employee welfare benefit fund or plan which directly or indirectly provides a plan of health coverage to its employees and administers the plan of health coverage itself or through an insurer, trust or agent except to the extent of accident and health insurance premium, subscriber contract charges or health maintenance organization contract charges. *"Self-insurer" includes joint self-insurance plans regulated under chapter 62H.* "Self-insurer" does not include an employer engaged in the business of providing health care services to the public which provides health care services directly to its employees at no charge to them.

Sec. 35. Minnesota Statutes 1990, section 62E.02, subdivision 23, is amended to read:

Subd. 23. "Contributing member" means those companies ~~operating pursuant to~~ *regulated under* chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance ~~or~~, health maintenance organizations ~~and~~ *regulated under chapter 62D,* nonprofit health service plan corporations ~~incorporated~~ *regulated* under chapter 62C ~~or~~, fraternal benefit ~~society operating~~ *societies regulated* under chapter 64B, *and joint self-insurance plans regulated under chapter 62H*. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization shall be considered to be accident and health insurance premiums.

Sec. 36. Minnesota Statutes 1990, section 62E.11, subdivision 9, is amended to read:

Subd. 9. Each contributing member that terminates individual health coverage ~~regulated under chapter 62A, 62C, 62D, or 64B~~ for reasons other than (a) nonpayment of premium; (b) failure to make copayments; (c) enrollee moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership; and does not provide or arrange for replacement coverage that meets the requirements of section 62D.121; shall pay a special assessment to the state plan

based upon the number of terminated individuals who join the comprehensive health insurance plan as authorized under section 62E.14, subdivisions 1, paragraph (d), and 6. Such a contributing member shall pay the association an amount equal to the average cost of an enrollee in the state plan in the year in which the member terminated enrollees multiplied by the total number of terminated enrollees who enroll in the state plan.

The average cost of an enrollee in the state comprehensive health insurance plan shall be determined by dividing the state plan's total annual losses by the total number of enrollees from that year. This cost will be assessed to the contributing member who has terminated health coverage before the association makes the annual determination of each contributing member's liability as required under this section.

In the event that the contributing member is terminating health coverage because of a loss of health care providers, the commissioner may review whether or not the special assessment established under this subdivision will have an adverse impact on the contributing member or its enrollees or insureds, including but not limited to causing the contributing member to fall below statutory net worth requirements. If the commissioner determines that the special assessment would have an adverse impact on the contributing member or its enrollees or insureds, the commissioner may adjust the amount of the special assessment, or establish alternative payment arrangements to the state plan. For health maintenance organizations regulated under chapter 62D, the commissioner of health shall make the determination regarding any adjustment in the special assessment and shall transmit that determination to the commissioner of commerce.

Sec. 37. Minnesota Statutes 1990, section 62E.14, is amended by adding a subdivision to read:

Subd. 7. [TERMINATIONS OF CONVERSION POLICIES.] *(a) A Minnesota resident who is covered by a conversion policy or contract of health coverage may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation in subdivision 3 and a waiver of the evidence of rejection in subdivision 1, paragraph (c), at any time for any reason during the term of coverage.*

(b) A Minnesota resident who was covered by a conversion policy or contract of health coverage may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation in subdivision 3 and a waiver of the evidence of rejection in subdivision 1, paragraph (c), if that person applies for coverage within 90 days after termination of the conversion policy or contract coverage regardless of: (1) the reasons for the termination; or (2) the party terminating coverage.

(c) Coverage under this subdivision is effective upon termination of prior coverage if the enrollee has submitted a completed application and paid the required premium or fee.

Sec. 38. Minnesota Statutes 1990, section 62E.15, subdivision 4, is amended to read:

Subd. 4. Every insurer *and health maintenance organization* which rejects or applies underwriting restrictions to an applicant for ~~accident and~~ *a plan of* health ~~insurance~~ *coverage* shall: (1) provide the applicant with a written notice of rejection or the underwriting restrictions applied to the applicant in a manner consistent with the requirements in section 72A.499; (2) notify the applicant of the existence of the state plan, the requirements for being

accepted in it, and the procedure for applying to it; and (3) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer at no charge.

Sec. 39. Minnesota Statutes 1990, section 62E.15, is amended by adding a subdivision to read:

Subd. 5. [INITIAL NOTIFICATION.] *Every insurer and health maintenance organization before issuing a conversion policy or contract of health insurance shall:*

(1) notify the applicant of the existence of the state plan, the requirements for being accepted in it, the procedure for applying to it, and the plan rates; and

(2) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer and health maintenance organization at no charge.

Sec. 40. Minnesota Statutes 1990, section 62E.15, is amended by adding a subdivision to read:

Subd. 6. [INITIAL NOTIFICATION.] *Every insurer and health maintenance organization which provides health coverage to an insured through a conversion plan shall annually:*

(1) notify the insured of the existence of the state plan, the requirements for being accepted in it, the procedure for applying to it, and the plan rates; and

(2) provide the applicant with written materials explaining the state plan in greater detail. This written material shall be provided by the association to every insurer and health maintenance organization at no charge.

Sec. 41. Minnesota Statutes 1990, section 62E.15, is amended by adding a subdivision to read:

Subd. 7. [CONVERSION RATES.] *For Medicare supplement conversion policies issued prior to the effective date of this section, the requirements of subdivisions 5 and 6 apply only when the conversion rates offered to the applicant by the insurer or health maintenance organization exceed the association rates.*

Sec. 42. Minnesota Statutes 1990, section 62E.16, is amended to read:

62E.16 [*POLICY* CONVERSION ~~PRIVILEGES~~ *RIGHTS*.]

Every program of self-insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization written or renewed in this state, shall include, in addition to the provisions required by section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions if the individual insured leaves the group regardless of the reason for leaving the group *or if an employer member of a group ceases to remit payment so as to terminate coverage for its employees*, or upon cancellation or termination of the coverage for the group except where uninterrupted and continuous group coverage is otherwise provided to the group. If the health maintenance organization has canceled coverage for the group because of a loss of providers in a service area, the health maintenance organization shall arrange for other health maintenance or indemnity conversion options that shall be

offered to enrollees without the addition of underwriting restrictions. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. The person may exercise this right to conversion within 30 days of leaving the group or within 30 days following receipt of due notice of cancellation or termination of coverage of the group *or of the employer member of the group* and upon payment of premiums from the date of termination or cancellation. Due notice of cancellation or termination of coverage for a group *or of the employer member of the group* shall be provided to each employee having coverage in the group by the insurer, self-insurer or health maintenance organization canceling or terminating the coverage except where reasonable evidence indicates that uninterrupted and continuous group coverage is otherwise provided to the group. Every employer having a policy of group accident and health insurance, group subscriber or contract of coverage by a health maintenance organization shall, upon request, provide the insurer or health maintenance organization a list of the names and addresses of covered employees. Plans of health coverage shall also include a provision which, upon the death of the individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue coverage under the same or a different contract without the addition of underwriting restrictions until the individual would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization shall not be deemed to be an individual enrollment contract for the purposes of section 62D.10.

Sec. 43. Minnesota Statutes 1990, section 62H.01, is amended to read:

62H.01 [JOINT SELF-INSURANCE EMPLOYEE HEALTH PLAN.]

Any ~~three~~ *two* or more employers, excluding the state and its political subdivisions as described in section 471.617, subdivision 1, who are authorized to transact business in Minnesota may jointly self-insure employee health, dental, or short-term disability benefits. Joint plans must have a minimum of ~~250~~ *100* covered employees and meet all conditions and terms of sections 62H.01 to 62H.08. Joint plans covering employers not resident in Minnesota must meet the requirements of sections 62H.01 to 62H.08 as if the portion of the plan covering Minnesota resident employees was treated as a separate plan. A plan may cover employees resident in other states only if the plan complies with the applicable laws of that state.

A multiple employer welfare arrangement as defined in United States Code, title 29, section 1002(40)(a), is subject to this chapter to the extent authorized by the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001 et seq.

Sec. 44. [62I.121] [BENEFITS FOR EMPLOYEES.]

At the option of the board, employees may participate in the state retirement plan and the state deferred compensation plan for employees in the unclassified service, and an insurance plan administered by the commissioner of employee relations under chapter 43A.

Sec. 45. Minnesota Statutes 1990, section 65B.133, subdivision 4, is amended to read:

Subd. 4. [NOTIFICATION OF CHANGE.] No insurer may change its surcharge plan unless a surcharge disclosure statement is mailed or delivered

to the named insured before the change is made. A surcharge disclosure statement disclosing a change applicable on the renewal of a policy, may be mailed with an offer to renew the policy. ~~No~~ *Surcharges cannot be applied to accidents or traffic violations that occurred prior to a* change in a surcharge plan ~~may be applied retroactively~~ *except to the extent provided under the prior plan.*

Sec. 46. Minnesota Statutes 1990, section 72A.20, subdivision 23, is amended to read:

Subd. 23. [DISCRIMINATION IN AUTOMOBILE INSURANCE POLICIES.] (a) No insurer that offers an automobile insurance policy in this state shall:

(1) use the employment status of the applicant as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

(b) No insurer that offers an automobile insurance policy in this state shall:

(1) use the applicant's status as a tenant, as the term is defined in section 566.18, subdivision 2, as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason; *or*

(3) make any discrimination in offering or establishing rates, premiums, dividends, or benefits of any kind, or by way of rebate, for the same reason.

(c) No insurer that offers an automobile insurance policy in this state shall:

(1) use the failure of the applicant to have an automobile policy in force during any period of time before the application is made as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

This provision does not apply if the applicant was required by law to maintain automobile insurance coverage and failed to do so.

An insurer may require reasonable proof that the applicant did not fail to maintain this coverage. The insurer is not required to accept the mere lack of a conviction or citation for failure to maintain this coverage as proof of failure to maintain coverage.

Sec. 47. Minnesota Statutes 1991 Supplement, section 72A.201, subdivision 8, is amended to read:

Subd. 8. [STANDARDS FOR CLAIM DENIAL.] The following acts by an insurer, adjuster, or self-insured, or self-insurance administrator constitute unfair settlement practices:

(1) denying a claim or any element of a claim on the grounds of a specific policy provision, condition, or exclusion, without informing the insured of the policy provision, condition, or exclusion on which the denial is based;

(2) denying a claim without having made a reasonable investigation of the claim;

(3) denying a liability claim because the insured has requested that the claim be denied;

(4) denying a liability claim because the insured has failed or refused to report the claim, unless an independent evaluation of available information indicates there is no liability;

(5) denying a claim without including the following information:

(i) the basis for the denial;

(ii) the name, address, and telephone number of the insurer's claim service office or the claim representative of the insurer to whom the insured or claimant may take any questions or complaints about the denial; and

(iii) the claim number and the policy number of the insured;

(6) denying a claim because the insured or claimant failed to exhibit the damaged property unless:

(i) the insurer, within a reasonable time period, made a written demand upon the insured or claimant to exhibit the property; and

(ii) the demand was reasonable under the circumstances in which it was made;

(7) denying a claim by an insured or claimant based on the evaluation of a chemical dependency claim reviewer selected by the insurer unless the reviewer meets the qualifications specified under subdivision 8a. An insurer that selects chemical dependency reviewers to conduct claim evaluations must annually file with the commissioner of commerce a report containing the specific evaluation standards and criteria used in these evaluations. *The report must be filed at the same time its annual statement is submitted under section 60A.13.* The report must also include the number of evaluations performed on behalf of the insurer during the reporting period, the types of evaluations performed, the results, the number of appeals of denials based on these evaluations, the results of these appeals, and the number of complaints filed in a court of competent jurisdiction.

Sec. 48. Minnesota Statutes 1990, section 72B.02, is amended by adding a subdivision to read:

Subd. 14. [CROP HAIL ADJUSTER.] *"Crop hail adjuster" means a person who for money, commission, or other thing of value acts as an adjuster in regard to insurance policies against crop damage by hail.*

Sec. 49. Minnesota Statutes 1990, section 72B.03, subdivision 2, is amended to read:

Subd. 2. [CLASSES OF LICENSES.] *(a)* There shall be ~~three~~ *four* classes of licenses, as follows:

~~(a)~~ *(1)* independent adjuster's license~~.~~*;*

~~(b)~~ *(2)* public adjuster's license~~.~~*;*

~~(c)~~ *(3)* public adjuster solicitor's license*; and*

(4) crop hail adjuster's license.

(b) The independent adjuster and public adjuster licenses shall be issued in at least three fields each, as follows:

~~(a)~~ *(1)* fire and allied lines, inland marine lines and including all perils under homeowners policies~~.~~*;*

~~(b)~~ *(2)* all lines written as casualty insurance under section 60A.06, and

including workers' compensation~~.~~; *and*

~~(c)~~ *(3)* a combination of the fields described in ~~(a)~~ *clauses (1)* and ~~(b), above~~ *(2)*. Separate licenses shall be required for each field, but the same person may obtain licenses in more than one field. No person shall be licensed as both a public and independent adjuster. The license shall state the class for which the person is licensed and, where applicable, the field in which the person is licensed, and shall state the licensee's name and residence address, the date of issuance and the date of expiration of the license and any other information prescribed by the commissioner which is consistent with the purpose of the license.

Sec. 50. Minnesota Statutes 1990, section 72B.04, subdivision 6, is amended to read:

Subd. 6. [EXCEPTIONS.] A person who on January 1, 1972, meets all of the qualifications specified in subdivision 2 with regard to the class of license applied for and, if experience is one of the requisites, has gained the experience within the three years next preceding January 1, 1972, shall be eligible for the issuance of a license without taking an examination.

A person who has held a license of any given class or in any field or fields within three years prior to the application shall be entitled to a renewal of the license in the same class or in the same fields without taking an examination.

A person applying for a license as a crop hail adjuster shall not be required to comply with the requirements of subdivision 5.

The commissioner may issue a license under sections 72B.01 to 72B.14 without an examination, if the applicant presents sufficient and satisfactory evidence of having passed a similar examination in another state and if the commissioner, with the advice of the advisory board, has determined that the standards of such other state are equivalent to those in Minnesota for the class of license applied for. Any applicant who presents sufficient and satisfactory evidence of having successfully completed all six parts of the insurance institute of America program in adjusting shall be entitled to an adjuster's license without taking the examination prescribed in subdivision 5.

Sec. 51. Laws 1991, chapter 233, section 111, is amended to read:

Sec. 111. [EFFECTIVE DATE.]

(a) Sections 33 and 110, paragraph (a), are effective the day following final enactment.

(b) Sections 63; 64; 65; 66; 67; 68; 69; 70; 71; 72; 73; 74; 75; 76; 77; 78; 79; 80; 81; 82; 83; and 110, paragraph (b), are effective August 1, 1991.

(c) ~~Sections 43 and~~ *Section* 44 ~~are~~ *is* effective ~~July~~ *for the licensing year beginning June* 1, 1992.

(d) All other provisions of this article are effective July 1, 1991.

Sec. 52. [STUDY.]

The commissioner of commerce shall conduct a study of all insurance mandated by state law and report to the legislature by February 1, 1993. The report must include the following information:

(1) identification of all mandated coverages;

(2) the purpose of the mandate;

(3) the availability of the insurance from admitted insurers;

(4) the likely effect, including cost implications, of requiring that only admitted carriers may offer the coverage; and

(5) other information the commissioner considers appropriate.

The commissioner may request an extension of the date of submission of the report from the chairs of the senate commerce committee and the house of representatives financial institutions and insurance committee.

Sec. 53. [APPLICATION.]

Section 13 does not apply to policies in force on the effective date of that section and does not preclude renewals of those policies.

Section 18 applies to reports required to be filed in 1993 and subsequent years.

Sec. 54. [REVISOR INSTRUCTION.]

The revisor of statutes shall change the terms "fraternal beneficiary association," "association," or similar terms to "fraternal benefit society," "society," or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules in connection with those entities regulated under Minnesota Statutes, chapter 64B.

Sec. 55. [REPEALER.]

Minnesota Statutes 1990, sections 62A.01, subdivision 4; 62A.29; 65B.70; and 72A.13, subdivision 3, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Section 44 is effective retroactive to the effective date of Laws 1989, chapter 260, section 25.

ARTICLE 2

SERVICE OF PROCESS

Section 1. Minnesota Statutes 1990, section 45.028, subdivision 1, is amended to read:

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

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

(c) Subdivision 2 applies in all cases in which service of process is allowed to be made on the commissioner of commerce.

Sec. 2. Minnesota Statutes 1990, section 48.185, subdivision 7, is amended to read:

Subd. 7. Any bank or savings bank extending credit in compliance with the provisions of this section, which is injured competitively by violations of this section by another bank or savings bank, may institute a civil action in the district court of this state against that bank or savings bank for an injunction prohibiting any violation of this section. The court, upon proper proof that the defendant has engaged in any practice in violation of this section, may enjoin the future commission of that practice. Proof of monetary damage or loss of profits shall not be required. Costs and attorneys' fees may be allowed to the plaintiff, unless the court directs otherwise. The relief provided in this subdivision is in addition to remedies otherwise available against the same conduct under the common law or statutes of this state.

Service of process shall be as in any other civil suit, except that if a defendant in the action is a foreign corporation or a national banking association with its principal place of business in another state, service of process may also be made by personal service outside the state, or in the manner provided by section 303.13, subdivision 1, clause (3), or in such manner as the court may direct, *or in accordance with section 45.028, subdivision 2*. Process is valid if it satisfies the requirements of due process of law, whether or not defendant is doing business in Minnesota regularly or habitually.

Sec. 3. Minnesota Statutes 1990, section 60A.19, subdivision 4, is amended to read:

Subd. 4. [FEES.] The commissioner shall be entitled to charge and receive a fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (4), for each notice, proof of loss, summons, or other process served under the provisions of this subdivision and subdivision 3, to be paid by the persons serving the same. The service of process ~~is~~ *authorized by this section shall be* made ~~by delivering to and leaving with the commissioner two copies thereof for each company being served~~ *in compliance with section 45.028, subdivision 2*.

Sec. 4. Minnesota Statutes 1990, section 60A.21, subdivision 2, is amended to read:

Subd. 2. [SERVICE OF PROCESS UPON UNAUTHORIZED INSURER.] (1) Any of the following acts in this state effected by mail or otherwise by an unauthorized foreign or alien insurer: (a) the issuance or delivery of contracts of insurance to residents of this state or to corporations authorized to do business therein; (b) the solicitation of applications for such contracts; (c) the collection of premiums, membership fees, assessments, or other considerations for such contracts; or (d) any other transaction of insurance business, is equivalent to and shall constitute an appointment by such insurer of the commissioner of commerce and the commissioner's successor or successors in office to be its true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of an insured or beneficiary arising out of any such contract of insurance and any such act shall be signification of its agreement that such service of process is of the same legal force and validity as personal service of process in this state upon such insurer.

(2) Such service of process shall be made ~~by delivering to and leaving~~

~~with the commissioner of commerce or some person in apparent charge of that office two copies thereof~~ *in compliance with section 45.028, subdivision 2,* and the payment ~~to that person~~ of a filing fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (4). ~~The commissioner of commerce shall forthwith mail by certified mail one of the copies of such process to the defendant at its last known principal place of business and shall keep a record of all process so served upon the commissioner. Such service of process is sufficient provided notice of such service and a copy of the process are sent within ten days thereafter by certified mail by plaintiff or plaintiff's attorney to the defendant at its last known principal place of business and the defendant's receipt, or receipt issued by the post office with which the letter is certified showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed. and the affidavit of the plaintiff or plaintiff's attorney showing a compliance herewith are filed with the court administrator of the court in which such action is pending on or before the date the defendant is required to appear or within such further time as the court may allow.~~

(3) Service of process in any such action, suit, or proceeding shall in addition to the manner provided in clause (2) of this subdivision be valid if served upon any person within this state who, in this state on behalf of such insurer, is: (a) soliciting insurance, or (b) making, issuing, or delivering any contract of insurance, or (c) collecting or receiving any premium, membership fee, assessment, or other consideration for insurance; and if a copy of such process is sent within ten days thereafter by certified mail by the plaintiff or plaintiff's attorney to the defendant at the last known principal place of business of the defendant and the defendant's receipt, or the receipt issued by the post office with which the letter is certified showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the plaintiff or plaintiff's attorney showing a compliance herewith are filed with the administrator of the court in which such action is pending on or before the date the defendant is required to appear or within such further time as the court may allow.

(4) No plaintiff or complainant shall be entitled to a judgment by default under this subdivision until the expiration of 30 days from the date of the filing of the affidavit of compliance.

(5) Nothing in this subdivision contained shall limit or abridge the right to serve any process, notice, or demand upon any insurer in any other manner now or hereafter permitted by law.

(6) The provisions of this section shall not apply to surplus line insurance lawfully effectuated under Minnesota law, or to reinsurance, nor to any action or proceeding against an unauthorized insurer arising out of:

(a) Wet marine and transportation insurance;

(b) Insurance on or with respect to subjects located, resident, or to be performed wholly outside this state, or on or with respect to vehicles or aircraft owned and principally garaged outside this state;

(c) Insurance on property or operations of railroads engaged in interstate commerce; or

(d) Insurance on aircraft or cargo of such aircraft, or against liability, other than employer's liability, arising out of the ownership, maintenance, or use of such aircraft, where the policy or contract contains a provision designating the commissioner as its attorney for the acceptance of service

of lawful process in any action or proceeding instituted by or on behalf of an insured or beneficiary arising out of any such policy, or where the insurer enters a general appearance in any such action.

Sec. 5. Minnesota Statutes 1990, section 64B.35, subdivision 2, is amended to read:

Subd. 2. [SERVICE.] Service *under this section* shall ~~only~~ be made ~~upon the commissioner, or if absent, upon the person in charge of the commissioner's office. It shall be made in duplicate and shall constitute sufficient service upon the society. When legal process against a society is served upon the commissioner, the commissioner shall immediately forward one of the duplicate copies by registered mail, prepaid, directed to the secretary or corresponding officer~~ *in compliance with section 45.028, subdivision 2*. No service shall require a society to file its answer, pleading, or defense in less than 30 days from the date of mailing the copy of the service to a society. Legal process shall not be served upon a society except in the manner herein provided. ~~At the time of serving any process upon the commissioner, the plaintiff or complainant in the action shall pay to the commissioner a fee as prescribed in section 60A.14.~~

Sec. 6. Minnesota Statutes 1990, section 71A.02, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER AS AGENT FOR SERVICE.] Concurrently with the filing of the declaration provided for by the terms of subdivision 2, the attorney shall execute and file with the commissioner an instrument in writing for the subscribers, conditioned that upon the issuance of the certificate of authority provided for in subdivision 1, service of process *in compliance with section 45.028, subdivision 2*, may be had upon the commissioner in all suits in this state arising out of these policies, contracts, or agreements, which service shall be valid and binding upon all subscribers exchanging at any time reciprocal or interinsurance contracts through such attorney. ~~Three copies of the process shall be served and the commissioner shall file one copy, forward one copy to the attorney, and return one copy with an admission of service.~~

Sec. 7. Minnesota Statutes 1990, section 72A.22, subdivision 5, is amended to read:

Subd. 5. [SERVICE.] Statements of charges, notices, orders, and other processes of the commissioner under sections 72A.17 to 72A.32 may be served by anyone duly authorized by the commissioner, either in the manner provided by law for service of process in civil actions or ~~by registering and mailing a copy thereof to the person affected by the statement, notice, order, or other process at the person's residence or principal office or place of business. A verified return by the person serving the statement, notice, order, or other process, setting forth the manner of such service, or the return postcard receipt for a copy of the statement, notice, order, or other process, registered and mailed as aforesaid, shall be proof of the service of the same~~ *in compliance with section 45.028, subdivision 2*.

Sec. 8. Minnesota Statutes 1990, section 72A.37, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SERVICE.] Service of a statement of charges and notices under said unfair trade practice act shall be made by any deputy or employee of the department of commerce ~~delivering to and leaving with~~ *upon* the commissioner or some person in apparent charge of the office,

~~two copies thereof~~ *in compliance with section 45.028.* Service of process issued by any court in any action, suit or proceeding to collect any penalty under said act provided, shall be made ~~by delivering and leaving with the commissioner, or some person in apparent charge of the office, two copies thereof. The commissioner shall forthwith cause to be mailed by certified mail one of the copies of such statement of charges, notices or process to the defendant at its last known principal place of business, and shall keep a record of all statements of charges, notices and process so served. Such service of statement of charges, notices or process shall be sufficient provided they shall have been so mailed and the defendant's receipt or receipt issued by the post office with which the letter is certified, showing the name of the sender of the letter and the name and address of the person to whom the letter is addressed, and the affidavit of the person mailing such letter showing a compliance herewith are filed with the commissioner in the case of any statement of charges or notices, or with the court administrator of the court in which such action is pending in the case of any process, on or before the date the defendant is required to appear or within such further time as may be allowed~~ *in compliance with section 45.028, subdivision 2.*

Sec. 9. Minnesota Statutes 1990, section 72A.43, subdivision 2, is amended to read:

Subd. 2. Service of such process shall be made ~~by delivering and leaving with the commissioner two copies thereof and the payment to the commissioner of a $15 filing fee. The commissioner shall forthwith mail by certified mail one of the copies of such process to such company at its last known registered office, and shall keep a record of all process so served. The company's receipt, or receipt issued by the post office with which the letter is certified, and an affidavit of compliance herewith by or on behalf of the commissioner, shall be filed with the court administrator of the court in which such action or proceeding is pending on or before the return date of such process or within such further time as the court may allow~~ *in compliance with section 45.028, subdivision 2.*

Sec. 10. Minnesota Statutes 1990, section 80A.27, subdivision 7, is amended to read:

Subd. 7. Every applicant for registration under sections 80A.01 to 80A.31 and every issuer who proposes to offer a security in this state through any person acting on an agency basis in the common law sense shall file with the commissioner, in such form as the commissioner by rule prescribes, an irrevocable consent appointing the commissioner or a successor in office to be the attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against that person or a successor, executor, or administrator which arises under sections 80A.01 to 80A.31 or any rule or order hereunder after the consent has been filed, with the same force and validity as if served personally on the person filing the consent. The consent need not be filed by a person who has filed a consent in connection with a previous registration or license which is then in effect. Service may be made ~~by leaving a copy of the process in the office of the commissioner, but it is not effective unless (a) the plaintiff, who may be commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last address on file with the commissioner, and (b) the plaintiff's affidavit of compliance with this subsection is filed in the case on or before the return day of the process, if any, or within such further time as the court allows~~ *in compliance with section 45.028, subdivision 2.*

Sec. 11. Minnesota Statutes 1990, section 80A.27, subdivision 8, is amended to read:

Subd. 8. When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by sections 80A.01 to 80A.31 or any rule or order hereunder, and has not filed a consent to service of process under subdivision 7 and personal jurisdiction cannot otherwise be obtained in this state, that conduct shall be considered equivalent to an appointment of the commissioner or a successor in office to be the attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against that person or a successor executor or administrator which grows out of that conduct and which is brought under sections 80A.01 to 80A.31 or any rule or order hereunder, with the same force and validity as if served personally. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner, and it is not effective unless (a) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last known address or takes other steps which are reasonably calculated to give actual notice, and (b) the plaintiff's affidavit of compliance with this subsection is filed in the case on or before the return day of the process, if any, or within such further time as the court allows~~ *in compliance with section 45.028, subdivision 2.*

Sec. 12. Minnesota Statutes 1990, section 80C.20, is amended to read:

80C.20 [SERVICE OF PROCESS.]

Every applicant for registration under sections 80C.01 to 80C.22 and every franchisor on whose behalf an application for registration is filed, except applicants and franchisors which are Minnesota corporations, shall file with the commissioner, in such form as the commissioner may prescribe, an irrevocable consent appointing the commissioner and successors in office to be the applicant's or franchisor's attorney to receive service of any lawful process in any civil action against the applicant or franchisor or a successor, executor or administrator, which arises under sections 80C.01 to 80C.22 or any rule or order thereunder after the consent has been filed, with the same force and validity as if served personally on the applicant or franchisor or a successor, executor or administrator. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner, but it is not effective unless the plaintiff, who may be the commissioner in an action instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last address on file with the commissioner, and the plaintiff's affidavit of compliance with this subsection is filed with the court at the time of the filing of the complaint~~ *in compliance with section 45.028, subdivision 2.*

When any person, including any nonresident of this state and any foreign corporation, engages in conduct prohibited or made actionable by sections 80C.01 to 80C.22, whether or not the person has filed a consent to service of process, and personal jurisdiction over the person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to appointment of the commissioner and successors in office to be the person's agent to receive service of any lawful process in any suit against the person or a successor, executor or administrator which grows out of that conduct and which is brought under sections 80C.01 to 80C.22, with the same force

and validity as if served personally. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner but it is not effective unless the plaintiff, who may be the commissioner in an action instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last known address on file with the commissioner and the plaintiff's affidavit of compliance with this section is filed with the court at the time of the filing of the complaint~~ *in compliance with section 45.028, subdivision 2*.

Sec. 13. Minnesota Statutes 1990, section 82.31, subdivision 3, is amended to read:

Subd. 3. Service of process under this section ~~may~~ *shall* be made ~~by filing a copy of the process with the commissioner or a representative, but is not effective unless:~~

~~(a) The plaintiff, who may be the commissioner in an action or proceeding instituted by the commissioner, sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the address as shown by the records at the office of the commissioner in the case of service made on the commissioner as attorney pursuant to appointment in compliance with subdivision 1, and at the defendant's or respondent's last known address in the case of service on the commissioner as attorney pursuant to appointment by virtue of subdivision 2; and~~

~~(b) The plaintiff's affidavit of compliance with this subdivision is filed in the action or proceeding on or before the return day of the process, if any, or within such further time as the court or administrative law judge allows~~ *in compliance with section 45.028, subdivision 2*.

Sec. 14. Minnesota Statutes 1990, section 82A.22, subdivision 1, is amended to read:

Subdivision 1. [CONSENT TO SERVICE.] Every membership camping operator or broker, on whose behalf an application for registration or exemption is filed, shall file with the commissioner, in such form as the commissioner may prescribe, an irrevocable consent appointing the commissioner and the commissioner's successors in office to be the membership camping operator's or broker's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the membership camping operator or broker or a successor, executor, or administrator which arises under this chapter or any rule or order thereunder after the consent has been filed, with the same force and validity as if served personally on the membership camping operator or the operator's successor, executor, or administrator. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner, but it is not effective unless:~~

~~(1) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, sends notice of the service and a copy of the process by certified mail to the defendant or respondent at that person's last address on file with the commissioner; and~~

~~(2) the plaintiff's affidavit of compliance with this section is filed in the case on or before the return day of the process, if any, or within such further time as the court allows~~ *in compliance with section 45.028, subdivision 2*.

Sec. 15. Minnesota Statutes 1990, section 82A.22, subdivision 2, is

amended to read:

Subd. 2. [APPOINTMENT OF COMMISSIONER.] When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by this chapter, or any rule or order thereunder, and the person has not filed a consent to service of process under subdivision 1 and personal jurisdiction over this person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to the person's appointment of the commissioner or the commissioner's successor to be the person's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the person which grows out of that conduct and which is brought under this chapter or any rule or order thereunder, with the same force and validity as if served on the person personally. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner, and it is not effective unless:~~

~~(1) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by certified mail to the defendant or respondent at that person's last known address or takes other steps which are reasonably calculated to give actual notice; and~~

~~(2) the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within such further time as the court allows~~ *in compliance with section 45.028, subdivision 2.*

Sec. 16. Minnesota Statutes 1991 Supplement, section 82B.15, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE.] Service of process under this section ~~may~~ *shall* be made ~~under the provisions of~~ *in compliance with* section 45.028, *subdivision 2.*

Sec. 17. Minnesota Statutes 1990, section 83.39, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] Every applicant for registration under sections 83.20 to 83.42, 83.43 and 83.44 shall file with the commissioner, in a format as by rule may be prescribed, an irrevocable consent appointing the commissioner or commissioner's successor to be the applicant's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the applicant or a successor, executor, or administrator which arises under sections 83.20 to 83.42, 83.43 and 83.44 or any rule or order thereunder after the consent has been filed, with the same force and validity as if served personally on the person filing the consent. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner, but it is not effective unless (a) the plaintiff, who may be commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by registered mail to the defendant or respondent at that person's last address on file with the commissioner, and (b) the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within such further time as the court allows~~ *in compliance with section 45.028, subdivision 2.*

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14.

Sec. 18. Minnesota Statutes 1990, section 83.39, subdivision 2, is amended to read:

Subd. 2. [SERVICE ON COMMISSIONER.] When any person, including any nonresident of this state, engages in conduct prohibited or made actionable by sections 83.20 to 83.42, 83.43 and 83.44, or any rule or order thereunder, and the person has not filed a consent to service of process under subdivision 1 and personal jurisdiction over this person cannot otherwise be obtained in this state, that conduct shall be considered equivalent to the person's appointment of the commissioner or the commissioner's successor to be the person's attorney to receive service of any lawful process in any noncriminal suit, action, or proceeding against the commissioner or the commissioner's successor, executor, or administrator which grows out of that conduct and which is brought under sections 83.20 to 83.42, 83.43 and 83.44 or any rule or order thereunder, with the same force and validity as if served on the person personally. Service ~~may~~ *under this section shall* be made ~~by leaving a copy of the process in the office of the commissioner, and it is not effective unless (a) the plaintiff, who may be the commissioner in a suit, action, or proceeding instituted by the commissioner, forthwith sends notice of the service and a copy of the process by registered mail to the defendant or respondent at that person's last known address or takes other steps which are reasonably calculated to give actual notice, and (b) the plaintiff's affidavit of compliance with this subdivision is filed in the case on or before the return day of the process, if any, or within such further time as the court allows~~ *in compliance with section 45.028, subdivision 2*.

Sec. 19. Minnesota Statutes 1990, section 543.08, is amended to read:

543.08 [SUMMONS, SERVICE UPON CERTAIN CORPORATIONS.]

If a private domestic corporation has no officer at the registered office of the corporation within the state upon whom service can be made, of which fact the return of the sheriff of the county in which that office is located, or the affidavit of a private person not a party, that none can be found in that county shall be conclusive evidence, service of the summons upon it may be made by depositing two copies, together with a fee of $35 with the secretary of state, which shall be deemed personal service upon the corporation. One of the copies shall be filed by the secretary, and the other forthwith mailed by the secretary to the corporation by certified mail, if the place of its main office is known to the secretary or is disclosed by the files in the office.

If the defendant is a foreign insurance corporation, the summons may be served ~~by two copies delivered to the commissioner of commerce, who shall file one in the commissioner's office and forthwith mail the other postage prepaid to the defendant at its home office~~ *in compliance with section 45.028, subdivision 2*.

ARTICLE 3

INSURANCE AGENTS

Section 1. Minnesota Statutes 1990, section 60A.02, subdivision 7, is amended to read:

Subd. 7. [INSURANCE AGENT OR INSURANCE AGENCY.] An "insurance agent" or "insurance agency" is a person acting under express authority from, and an appointment pursuant to section ~~60A.17~~ *60K.02* by, an insurer and on its behalf to solicit insurance, or to appoint other agents

to solicit insurance, or to write and countersign policies of insurance, or to collect premiums therefor within this state, or to exercise any or all these powers when so authorized by the insurer. The term "person" includes a natural person, a partnership, a corporation, or other entity, including an insurance agency.

Sec. 2. [60A.052] [DENIAL, REVOCATION, SUSPENSION OF CERTIFICATE OF AUTHORITY.]

Subdivision 1. [GROUNDS.] *The commissioner may by order take any or all of the following actions: (1) deny, suspend, or revoke a certificate of authority; (2) censure the insurance company; or (3) impose a civil penalty as provided for in section 45.027, subdivision 6. In order to take this action the commissioner must find that the order is in the public interest, and the insurance company:*

(1) has a board of directors or principal management that is incompetent, untrustworthy, or so lacking in insurance company managerial experience as to make its operation hazardous to policyholders, its stockholders, or to the insurance buying public;

(2) is controlled directly or indirectly through ownership, management, reinsurance transactions, or other business relations by any person or persons whose business operations are or have been marked by manipulation of any assets, reinsurance, or accounts as to create a hazard to the company's policyholders, stockholders, or the insurance buying public;

(3) is in an unsound or unsafe condition;

(4) has the actual liabilities that exceed the actual funds of the company;

(5) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it was made, contained any misrepresentation or was false, misleading, or fraudulent;

(6) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, including, but not limited to, assault or similar conduct;

(7) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(8) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(9) has had a certificate of authority denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state; or

(10) agents, officers, or directors refuse to submit to examination or perform any related legal obligation, or have violated or failed to comply with, any of the provisions of the insurance laws including chapter 45 or chapters 60A to 72A or any rule or order under those chapters.

Subd. 2. [SUSPENSION OR REVOCATION OF AUTHORITY OR CENSURE.] *If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring the*

insurance company to show cause why any or all of the following should not occur: (1) revocation or suspension of any or all certificates of authority granted to the foreign or domestic insurance company or its agent; (2) censuring of the insurance company; or (3) the imposition of a civil penalty. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance with chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the insurance company fails to appear at a hearing after having been duly notified of it, the company shall be considered in default, and the proceeding may be determined against the company upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. [APPLICANTS.] *Whenever it appears to the commissioner that an application for a certificate of authority should be denied pursuant to subdivision 1, the commissioner shall promptly give a written notice to the applicant of the denial. The notice must state the grounds for the denial and give reasonable notice of the rights of the applicant to request a hearing. A hearing must be held not later than 30 days after the request for hearing is received by the commissioner unless the applicant and the department of commerce agree that the hearing may be held at a later date. If no hearing is requested within 30 days of service of the notice, the denial will become final. All hearings shall be conducted in accordance with chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the applicant fails to appear at a hearing after having been duly notified of it, the applicant shall be considered in default, and the proceeding may be determined against the applicant upon consideration of the notice denying the application, the allegations of which may be considered to be true.*

Subd. 4. [ACTIONS AGAINST LAPSED CERTIFICATE OF AUTHORITY.] *If a certificate of authority lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the certificate of authority was last effective and enter a revocation or suspension order as of the last date on which the certificate of authority was in effect, or impose a civil penalty as provided for in section 45.027, subdivision 6.*

Sec. 3. [60K.01] [DEFINITIONS.]

Unless the language or context clearly indicates that a different meaning is intended, the definitions in section 60A.01 are applicable to this chapter.

Sec. 4. [60K.02] [INSURANCE AGENTS; SOLICITORS LICENSE.]

Subdivision 1. [REQUIREMENT.] *No person shall act or assume to act as an insurance agent in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner aid as an insurance agent in the negotiation of insurance by or with an insurer, including resident agents or reciprocal or interinsurance exchanges and fraternal benefit societies, until that person obtains from the commissioner a license for that purpose. The license must specifically set forth the name of the person authorized to act as an agent and the class or classes of insurance for which that person is authorized to solicit or countersign policies. An insurance agent may qualify for a license in the following classes: (1) life and health; and (2) property and casualty.*

No insurer shall appoint or reappoint a natural person, partnership, or corporation to act as an insurance agent on its behalf until that natural person, partnership, or corporation obtains a license as an insurance agent.

Subd. 2. [PARTNERSHIPS AND CORPORATIONS.] *A license issued to a partnership or corporation must be solely in the name of the entity to which it is issued; provided that each partner, director, officer, stockholder, or employee of the licensed entity who is personally engaged in the solicitation or negotiation of a policy of insurance on behalf of the licensed entity shall be personally licensed as an insurance agent.*

Upon request by the commissioner, each partnership and corporation licensed as an insurance agent shall provide the commissioner with a list of the names of each partner, director, officer, stockholder, and employee who is required to hold a valid insurance agent's license.

Subd. 3. [TRANSITION.] *(a) Any agent who is qualified for life or accident and health as of June 1, 1981, is qualified for a life and health license under Laws 1981, chapter 307, and is appointed by an insurer which has submitted a written requisition for a license for that agent as of June 1, 1981.*

(b) Any agent who is qualified for one or more lines of insurance, excluding life or accident and health and farm property liability as of June 1, 1981, is qualified for a property and casualty license under Laws 1981, chapter 307, and is appointed by any insurer which has submitted a written requisition for a license for that agent as of June 1, 1981.

Subd. 4. [CRIMINAL PENALTIES.] *A person who acts or assumes to act as an insurance agent without a valid license issued by the commissioner is guilty of a gross misdemeanor.*

Sec. 5. [60K.03] [LICENSE APPLICATION.]

Subdivision 1. [PROCEDURE.] *An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed. The application for license shall be accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9), at the time the agent becomes licensed. The application and appointment must be on forms prescribed by the commissioner.*

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

Subd. 2. [RESIDENT AGENT.] *The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:*

(a) A person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes constitutes an election of residency in this state. A license issued upon an application claiming residency in this state is void if the licensee, while holding a resident license in this state, also holds, or makes

application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state.

(b) The commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance agent. The examination must be held at a reasonable time and place designated by the commissioner.

(c) The examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state.

(d) The examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall not include a school sponsored by, offered by, or affiliated with an insurance company or its agents; except that this limitation does not preclude a bona fide professional association of agents, not acting on behalf of an insurer, from offering courses. The course of study shall consist of 30 hours of classroom study devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. The program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by the organization offering the course shall accompany the applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order.

(e) The applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed.

(f) An applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived.

(g) Any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner. An applicant whose license is not renewed under section 60K.12 is exempt from the requirement of a written examination.

Subd. 3. [NONRESIDENT AGENT.] *The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident*

of another state or country as follows:

(a) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought.

(b) The commissioner shall not issue a license to a nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in an action, suit, or proceeding instituted by or on behalf of an interested person arising out of the applicant's insurance business in this state. This designation constitutes an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon a licensee in an action or proceeding begun in a court of competent jurisdiction of this state may be made in compliance with section 45.028, subdivision 2.

(c) A nonresident license terminates automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

Subd. 4. [TERM.] *All licenses issued pursuant to this section remain in force until voluntarily terminated by the licensee, not renewed as prescribed in section 60K.06, or until suspended or revoked by the commissioner. A voluntary termination occurs when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination also occurs upon the happening of the event described in subdivision 3, paragraph (c).*

Every licensed agent shall notify the commissioner within 30 days of a change of name, address, or information contained in the application.

Subd. 5. [SUBSEQUENT APPOINTMENTS.] *A person who holds a valid agent's license from this state may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9). The notice of appointment must be on a form prescribed by the commissioner.*

Subd. 6. [AMENDMENT OF LICENSE.] *An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c).*

An applicant who surrenders an insurance license pursuant to this subdivision retains licensed status until an amended license is received.

Subd. 7. [EXCEPTIONS.] *The following are exempt from the general licensing requirements prescribed by this section:*

(1) agents of township mutuals who are exempted pursuant to section 60K.04;

(2) fraternal benefit society representatives exempted pursuant to section 60K.05;

(3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer, provided that a licensed agent must participate in the sale of the insurance;

(4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications for insurance;

(5) employees of a creditor who enroll debtors for life or accident and health insurance; provided the employees receive no commission or fee for it;

(6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums; and

(7) rental vehicle companies and their employees in connection with the offer of rental vehicle personal accident insurance under section 72A.125.

Sec. 6. [60K.04] [TOWNSHIP MUTUAL AGENTS.]

No agent for a township mutual shall be required to take an examination to become eligible for an agent's license in farm property perils and farm liability if it is certified by one or more township mutual companies that the agent has been acting in the capacity of an agent at least since January 1, 1971, and no new examination shall be required for eligibility for a license in farm property perils and farm liability for a licensed agent in farm windstorm and hail insurance who was licensed prior to January 1, 1971.

Sec. 7. [60K.05] [FRATERNAL BENEFIT SOCIETY REPRESENTATIVES.]

Representatives of fraternal benefit societies who solicit and negotiate insurance contracts shall be deemed to be insurance agents and subject to the licensing requirements as set forth in section 60K.03 subdivision 1; provided, that no insurance agent's license shall be required of:

(1) any officer, employee, or secretary of a fraternal benefit society or of any subordinate lodge or branch who devotes substantially all of that person's time to activities other than the solicitation or negotiation of insurance contracts and who receives no commission or other compensation directly dependent upon the number or amount of contracts solicited or negotiated; or

(2) any agent or representative of a fraternal benefit society who devotes,

or intends to devote, less than 50 percent of that person's time to the solicitation and procurement of insurance contracts for that society. Any person who in the preceding calendar year has solicited and procured life insurance in excess of $50,000 face amount, or, in the case of any other kinds of insurance which the society may write, on the persons of more than 25 individuals, and who has received or will receive a commission or other compensation in the total amount of $1,000 or more, shall be presumed to be devoting, or intending to devote, 50 percent of that person's time to the solicitation or procurement of insurance contracts for that society.

Sec. 8. [60K.06] [RENEWAL FEE.]

(a) Each agent licensed pursuant to section 60K.03 shall annually pay in accordance with the procedure adopted by the commissioner a renewal fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10).

(b) Every agent, corporation, and partnership license expires on October 31 of the year for which period a license is issued.

(c) Persons whose applications have been properly and timely filed who have not received notice of denial of renewal are approved for renewal and may continue to transact business whether or not the renewed license has been received on or before November 1. Applications for renewal of a license are timely filed if received by the commissioner on or before October 15 of the year due, on forms duly executed and accompanied by appropriate fees. An application mailed is considered timely filed if addressed to the commissioner, with proper postage, and postmarked by October 15.

(d) The commissioner may issue licenses for agents, corporations, or partnerships for a three-year period. If three-year licenses are issued, the fee is three times the annual license fee.

Sec. 9. [60K.07] [TEMPORARY LICENSES.]

Subdivision 1. [EXAMINATION.] *The commissioner may grant a temporary insurance agent's license to a person who has successfully completed the examination, if any, required by the commissioner. The temporary license may be granted as of the date upon which the applicant receives written notice from the commissioner that the person has passed any required examination. A temporary license will permit the applicant to act as an insurance agent for the original appointing insurer for the class of business specified therein until the earlier of (1) receipt by the applicant of the resident license, or (2) the expiration of 90 days from the date on which the temporary license was granted.*

Subd. 2. [PERMISSIVE TEMPORARY LICENSE.] *The commissioner may issue a temporary license to a person to act as an insurance agent for a period not to exceed 90 days, which may be extended as determined by the commissioner, without requiring an examination if the commissioner considers a temporary license necessary for the servicing of an insurance business in the following cases:*

(1) to an agent licensed as a resident agent in another state where the commissioner determines that the foreign license is substantially the equivalent of that being applied for from the state of Minnesota and where the agent has been transferred into this state with the intention of becoming a resident, working as an insurance agent, and obtaining a resident license from the state of Minnesota;

(2) to the surviving spouse or next of kin, or to the administrator or executor, or to an employee of a deceased licensed insurance agent, or to the spouse, next of kin, an employee, or legal guardian of a disabled licensed insurance agent;

(3) to the designee of a licensed insurance agent entering upon active service in the armed forces of the United States; or

(4) in any other circumstance where the commissioner considers that the public interest will best be served by the issuance of a temporary license.

Sec. 10. [60K.08] [BROKERAGE BUSINESS.]

Every insurance agent duly licensed to transact business in this state shall have the right to procure the insurance of risks, or parts of risks, in the class or classes of insurance for which the agent is licensed in other insurers duly authorized to transact business in this state, but the insurance shall only be consummated through a duly appointed resident agent of the insurer taking the risk. If the law of another state requires a nonresident agent who is a resident agent of Minnesota to pay a portion of the premium to or share commissions with a licensed resident agent of that state, then the licensed resident agent of Minnesota when consummating and countersigning for a licensed nonresident agent of that state shall receive five percent of the total premium or 25 percent of the commission, whichever is less.

Sec. 11. [60K.09] [UNFIT PERSON NOT TO BE EMPLOYED BY INSURER.]

No insurer, its officers, agents, or managers shall knowingly make application to the commissioner for appointment of a person as its agent where that person is known to the insurer, its officers, agents, or managers making the application, to be unfit or disqualified to be licensed as an insurance agent, and immediately upon the discovery by the insurer, its officers, agents, or managers having supervision of the agent, of the unfitness or disqualification, the insurer, or the officers agents, or managers shall forthwith inform the commissioner in writing of their decision to terminate their appointment of this agent; nor shall any insurer retain in its employ any agent known by it to be disqualified or unfit to be licensed as an insurance agent.

Sec. 12. [60K.10] [TERM OF APPOINTMENTS.]

All appointments of agents by insurers pursuant to this section shall remain in force until terminated voluntarily by the appointing insurer or the license of the agent has for any reason been terminated during the appointment. The original appointing insurer, as well as any subsequent appointing insurer, may terminate the appointment of an agent at any time by giving written notice thereof to the commissioner and by sending a copy thereof to the last known address of the agent. The effective date of the termination shall be the date of receipt of the notice by the commissioner unless another date is specified by the insurer in the notice. Within 30 days after the insurer gives notice of termination to the commissioner, the insurer shall furnish the agent with a current statement of the agent's commission account.

Accompanying the notice of a termination given to the commissioner by the insurer shall be a statement of the specific reasons constituting the cause of termination. Any document, record, or statement relating to the agent

which is disclosed or furnished to the commissioner contemporaneously with, or subsequent to, the notice of termination shall be deemed confidential by the commissioner and a privileged communication. The document, record, or statement furnished to the commissioner shall not be admissible in whole or in part for any purpose in any action or proceeding against (1) the insurer or any of its officers, employees, or representatives submitting or providing the document, record, or statement, or (2) any person, firm, or corporation furnishing in good faith to the insurer the information upon which the reasons for termination are based.

Sec. 13. [60K.11] [DENIAL, REVOCATION, SUSPENSION, AND CENSURE OF LICENSES.]

Subdivision 1. [GROUNDS.] *The commissioner may by order take any or all of the following actions:*

(1) deny, suspend, or revoke an insurance agent or agency license;

(2) censure the licensee; or

(3) impose a civil penalty as provided for in section 45.027, subdivision 6.

In order to take this action the commissioner must find that the order is in the public interest and that the applicant, licensee, or in the case of an insurance agency, partner, director, shareholder, officer, or agent of that insurance agency:

(i) does not intend to or is not in good faith carrying on the business of an insurance agent;

(ii) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, contains any misrepresentation, or is false, misleading, or fraudulent;

(iii) has engaged in an act or practice, whether or not such act or practice involves the business of insurance, which demonstrates that the applicant or licensee is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act as an insurance agent or agency;

(iv) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, including but not limited to, assault or similar conduct;

(v) has violated or failed to comply with any of the provisions of the insurance laws including chapter 45 or chapters 60A to 72A or any rule or order under those chapters;

(vi) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(vii) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(viii) has had an insurance agent or agency license denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state or jurisdiction;

(ix) has misrepresented the terms of any actual or proposed insurance contract;

(x) has engaged in any fraudulent, coercive, deceptive, or dishonest act or practice whether or not such act or practice involves the business of insurance;

(xi) has improperly withheld, misappropriated, or converted to the licensee's or applicant's own use any money belonging to a policyholder, insurer, beneficiary, or other person; or

(xii) has forged another's name to any document whether or not the document relates to an application for insurance or a policy of insurance.

Subd. 2. [LICENSEES.] *If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring a licensee to show cause why any or all of the following should not occur: (1) the license revocation or suspension; (2) censuring of the licensee; or (3) the imposition of a civil penalty. The order shall be calculated to give reasonable notice of the time and place for hearing on the matter, and shall state the reasons for the entry of the order. The commissioner may by order summarily suspend a license pending final determination of any order to show cause. If a license is suspended pending final determination of an order to show cause, a hearing on the merits shall be held within 30 days of the issuance of the order of suspension. All hearings shall be conducted in accordance with the provisions of chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the licensee fails to appear at a hearing after having been duly notified of it, the licensee shall be considered in default, and the proceeding may be determined against the licensee upon consideration of the order to show cause, the allegations of which may be considered to be true.*

Subd. 3. [APPLICANTS.] *Whenever it appears to the commissioner that a license application should be denied pursuant to subdivision 1, the commissioner shall promptly give a written notice to the applicant of the denial. The notice must state the grounds for the denial and give reasonable notice of the rights of the applicant to request a hearing. A hearing must be held not later than 30 days after the request for the hearing is received by the commissioner unless the applicant and the department of commerce agree that the hearing may be held at a later date. If no hearing is requested within 30 days of service of the notice, the denial will become final. All hearings shall be conducted in accordance with the provisions of chapter 14. After the hearing, the commissioner shall enter an order making such disposition as the facts require. If the applicant fails to appear at a hearing after having been duly notified of it, the person shall be considered in default, and the proceeding may be determined against the applicant upon consideration of the notice denying application, the allegations of which may be considered to be true. All fees accompanying the application and appointment are considered earned and are not refundable.*

Subd. 4. [ACTIONS AGAINST LAPSED LICENSE.] *If a license lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the license was last effective and enter a revocation or suspension order as of the last date on which the license was in effect, or impose a civil penalty as provided for in section 45.027, subdivision 6.*

Subd. 5. [NOTIFICATION OF ACTION TAKEN BY OTHER STATE.] *An insurance agent shall notify the commissioner within 30 days of any fine imposed on that agent by another state or of a suspension or revocation of license by the commissioner of commerce of this state or the commissioner of insurance of any other state.*

Subd. 6. [CONDITIONS FOR RELICENSURE.] *A revocation of a license shall prohibit the licensee from making a new application for a license for at least two years from the effective date of the revocation. Further, the commissioner shall, as a condition of reapplication, require the applicant to obtain a performance bond issued by an insurer authorized to transact business in this state in the amount of $20,000 or a greater amount the commissioner considers appropriate for the protection of citizens of this state in the event the commissioner grants the application. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled to payment of any amounts received by the licensee or to protect any aggrieved person from loss resulting from fraudulent, deceptive, dishonest, or other prohibited practices arising out of any transaction when the licensee was licensed or performed acts for which a license is required under this chapter. The bond shall remain operative for as long as that licensee is licensed. The bond required by this subdivision must provide coverage for all matters arising during the period of licensure.*

Sec. 14. [60K.12] [TAX CLEARANCE CERTIFICATE.]

Subdivision 1. [REQUIREMENT FOR ISSUANCE OR RENEWAL OF LICENSE.] *In addition to the provisions of section 60K.11, the commissioner may not issue or renew a license if the commissioner of revenue notifies the commissioner and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of $500 or more. The commissioner may issue or renew the license only if: (1) the commissioner of revenue issues a tax clearance certificate; and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance certificate to the commissioner. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.*

Subd. 2. [DEFINITIONS.] *For purposes of this section, the following terms have the meanings given them:*

(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes; and

(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.

Subd. 3. [CONTESTED CASE HEARING.] *In lieu of the notice and hearing requirements of section 60K.11, when a licensee or applicant is required to obtain a clearance certificate under this section, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in subdivision 1. The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of*

administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.

Subd. 4. [IDENTIFICATION REQUIRED.] *The commissioner shall require all licensees or applicants to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the commissioner must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year.*

Sec. 15. [60K.13] [SURRENDER, LOSS, OR DESTRUCTION OF LICENSE.]

Subdivision 1. [NOTIFICATION.] *The commissioner shall promptly notify the licensee and all appointing insurers, where applicable, of any suspension, revocation, or termination of the licensee's agent's license by the commissioner. Upon receipt of the notice of suspension or revocation of a license, the licensee shall immediately deliver it to the commissioner.*

Subd. 2. [RETURN OF LICENSE.] *An agent whose resident or nonresident license is terminated, as provided in section 60K.11, shall deliver the terminated license to the commissioner by personal delivery or by mail within 30 days after the date of termination.*

Subd. 3. [DUPLICATE LICENSE.] *The commissioner may issue a duplicate license for any lost, stolen, or destroyed license issued pursuant to this section upon an affidavit of the licensee concerning the facts of the loss, theft, or destruction, and the payment of a fee of $3 by money order or cashier's check payable to the state treasurer.*

Sec. 16. [60K.14] [PROHIBITED ACTS.]

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] *(a)* [DEFINITIONS.] *For the purposes of this section, the following terms have the meanings given them:*

(1) "Agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "Personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] *Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact or communication with the potential buyer, clearly and expressly disclose:*

(1) the name of the person making the contact or communication;

(2) the name of the agent, general agency, or insurer that person represents; and

(3) the fact that the agent, agency, or insurer is in the business of selling insurance.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] *No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.*

Subd. 2. [FEES FOR SERVICES.] *No person shall charge a fee for any services rendered in connection with the solicitation, negotiation, or servicing of any insurance contract unless:*

(1) before rendering the services, a written statement is provided disclosing:

(i) the services for which fees are charged;

(ii) the amount of the fees;

(iii) that the fees are charged in addition to premiums; and

(iv) that premiums include a commission; and

(2) all fees charged are reasonable in relation to the services rendered.

Subd. 3. [COMMISSIONS OR COMPENSATION.] *No commission or other compensation shall be paid or allowed by any person, firm, or corporation to any other person, firm, or corporation acting, or assuming to act, as an insurance agent without a license therefor. A duly licensed agent may pay commissions or assign or direct that commissions be paid to a partnership of which the agent is a member, employee, or agent, or to a corporation of which the agent is an officer, employee, or agent. This subdivision does not prevent the payment or receipt of renewal or other deferred commissions to or by any person solely because the person has ceased to hold a license to act as an insurance agent.*

Subd. 4. [SUITABILITY OF INSURANCE.] *In recommending the purchase of any life, endowment, long-term care, annuity, life-endowment, or Medicare supplement insurance to a customer, an agent must have reasonable grounds for believing that the recommendation is suitable for the customer and must make reasonable inquiries to determine suitability. The suitability of a recommended purchase of insurance will be determined by reference to the totality of the particular customer's circumstances, including, but not limited to, the customer's income, the customer's need for insurance, and the values, benefits, and costs of the customer's existing insurance program, if any, when compared to the values, benefits, and costs of the recommended policy or policies.*

Subd. 5. [PREMIUMS.] *All premiums or other money received by an agent from an insured or applicant for insurance must be forthwith deposited directly in a business checking, savings, or other similar account maintained by the agent or agency, unless the money is forwarded directly to the designated insurer.*

Subd. 6. [PRIVACY OF CLIENT.] *Except as otherwise provided by law, no insurance agent may disclose nor cause to be disclosed to any other person the identity of a person insured through the agent without the consent of the insured.*

Sec. 17. [60K.15] [INSURER'S AGENT.]

Any person who solicits insurance is the agent of the insurer and not the agent of the insured.

Sec. 18. [60K.16] [LIABILITY FOR PLACING INSURANCE IN UNAUTHORIZED COMPANY.]

Any person, regardless of whether that person is required to be licensed as an insurance agent, who participates in any manner in the sale of any insurance policy or certificate, or any other contract providing benefits, for or on behalf of any company which is required to be, but which is not authorized to engage in the business of insurance in this state, other than pursuant to sections 60A.195 to 60A.209, shall be personally liable for all premiums, whether earned or unearned, paid by the insured, and the premiums may be recovered by the insured. In addition, that person shall be personally liable for any loss the insured has sustained or may sustain if the loss is one resulting from a risk or hazard covered in the issued policy, certificate, or contract or which would have been covered if the policy, certificate, or contract had been issued to the purchaser of the insurance.

Sec. 19. [60K.17] [AGENTS; VARIABLE CONTRACTS.]

Subdivision 1. [LICENSE REQUIRED.] *No person shall sell or offer for sale a contract on a variable basis unless prior to making any solicitation or sale the person has obtained from the commissioner a license therefor. The license shall only be granted, upon the written requisition of an insurer, to a qualified person who holds a current license authorizing the person to solicit and sell life insurance and annuity contracts in this state. To become qualified, a person shall complete a written application on a form prescribed by the commissioner and shall take and pass an examination prescribed by the commissioner.*

Subd. 2. [EXCEPTIONS.] *(a) Any regularly salaried officer or employee of a licensed insurer may, without license or other qualification, act on behalf of that licensed insurer in the negotiation of a contract on a variable basis, provided that a licensed agent must participate in the sale of any contract.*

(b) Any person who holds a valid license to solicit and sell life insurance and annuity contracts may solicit and sell contracts on a variable basis without acquiring a license under this subdivision if the contract is based on an account which is excluded from the definition of investment company under the Investment Company Act of 1940, United States Code, title 15, section 80a-3(11).

Subd. 3. [RULES.] *The commissioner may by rule waive or modify any of the requirements in this section or prescribe additional requirements considered necessary for the proper sale and solicitation of contracts on a variable basis.*

Sec. 20. [60K.18] [ALTERING EXISTING POLICIES; WRITTEN BINDERS REQUIRED.]

An insurance agent having express authority to bind coverage, who orally agrees on behalf of an insurer to provide insurance coverage, or to alter an existing insurance agreement, shall execute and deliver a written memorandum or binder containing the terms of the oral agreement to the insured within three business days from the time the oral agreement is entered.

Sec. 21. Minnesota Statutes 1990, section 62A.41, subdivision 4, is amended to read:

Subd. 4. [UNLICENSED SALES.] Notwithstanding section ~~60A.17~~ *60K.02*, subdivision 1, ~~paragraph (d),~~ a person who acts or assumes to act as an insurance agent without a valid license for the purpose of selling or attempting to sell Medicare supplement insurance, and the person who aids or abets the actor, is guilty of a felony and is subject to a civil penalty of not more than $5,000 per violation.

Sec. 22. Minnesota Statutes 1990, section 62C.17, subdivision 5, is amended to read:

Subd. 5. A person shall not be qualified for a license if upon examination or reexamination it is determined that the person is incompetent to act as an agent or solicitor, if the person has acted in any manner which would disqualify a person to hold a license as an insurance agent or solicitor under ~~section 60A.17, subdivision 6~~ *sections 60K.01 to 60K.18*, or if the person fails to produce documents subpoenaed by the commissioner, or fails to appear at a hearing to which the person is a party or has been subpoenaed, if the production of documents or appearance is lawfully required.

Sec. 23. Minnesota Statutes 1990, section 62D.22, subdivision 8, is amended to read:

Subd. 8. All agents, solicitors, and brokers engaged in soliciting or dealing with enrollees or prospective enrollees of a health maintenance organization, whether employees or under contract to the health maintenance organization, shall be subject to the provisions of ~~section 60A.17~~ *sections 60K.01 to 60K.18*, concerning the licensure of health insurance agents, solicitors, and brokers, and lawful rules thereunder. Medical doctors and others who merely explain the operation of health maintenance organizations shall be exempt from the provisions of ~~section 60A.17~~ *sections 60K.01 to 60K.18*. Section ~~60A.17~~ *60K.03*, subdivision ~~1a~~ *2*, ~~paragraph (b)~~ shall not apply except as to provide for an examination of an applicant in the applicant's knowledge concerning the operations and benefits of health maintenance organizations and related insurance matters.

Sec. 24. Minnesota Statutes 1990, section 64B.33, is amended to read:

64B.33 [LICENSING OF AGENTS.]

Agents of societies shall be licensed in accordance with the provisions of ~~chapter~~ *chapters* 60A *and 60K* regulating the licensing, revocation, suspension, or termination of license of resident and nonresident agents, except as otherwise provided in section ~~60A.17, subdivision 1e~~ *60K.05*.

Sec. 25. Minnesota Statutes 1990, section 72A.07, is amended to read:

72A.07 [VIOLATIONS OF LAWS RELATING TO AGENTS, PENALTIES.]

Any person, firm, or corporation violating, or failing to comply with, any of the provisions of ~~section 60A.17~~ *sections 60K.01 to 60K.18* and any person who acts in any manner in the negotiation or transaction of unlawful insurance with an insurance company not licensed to do business in the state, or who, as principal or agent, violates any provision of law relating to the negotiation or effecting of contracts of insurance, shall be guilty of a misdemeanor. Upon the filing of a complaint by the commissioner of commerce in a court of competent jurisdiction against any person violating

any provisions of this section, the county attorney of the county in which the violation occurred shall prosecute the person. Upon the conviction of any agent of any violation of the provisions of ~~section 60A.17~~ *sections 60K.01 to 60K.18*, the commissioner shall suspend the authority of the agent to transact any insurance business within the state for a period of not less than three months. Any insurer employing an agent and failing to procure an appointment, as required by ~~section 60A.17~~ *sections 60K.01 to 60K.18*, or allowing the agent to transact business for it within the state before an appointment has been procured, shall pay the commissioner, for the use of the state, a penalty of $25 for each offense. Each sale of an insurance policy by an agent who is not appointed by an insurance company shall constitute a separate offense, but no insurer shall be required to pay more than $300 in penalties as a result of the activities of a single unappointed agent. In the event of failure to pay a penalty within ten days after notice from the commissioner, the authority of the insurer to do business in this state shall be revoked by the commissioner until the penalty is paid. No insurer whose authority is revoked shall be readmitted until it shall have complied with all the terms and conditions imposed for admission in the first instance. Any action taken by the commissioner under this section shall be subject to review by the district court of the county in which the office of the commissioner is located.

Sec. 26. Minnesota Statutes 1990, section 72A.125, subdivision 2, is amended to read:

Subd. 2. [SALE BY AUTO RENTAL COMPANIES.] An auto rental company that offers or sells rental vehicle personal accident insurance in this state in conjunction with the rental of a vehicle shall only sell these products if the forms and rates have met the relevant requirements of section 62A.02, taking into account the possible infrequency and severity of loss that may be incurred. Sections ~~60A.17 and~~ 60A.1701 *and 60K.01 to 60K.18* do not apply if the persons engaged in the sale of these products are employees of the auto rental company who do not receive commissions or other remuneration for selling the product in addition to their regular compensation. Compensation may not be determined in any part by the sale of insurance products. The auto rental company before engaging in the sale of the product must file with the commissioner the following documents:

(1) an appointment of the commissioner as agent for service of process;

(2) an agreement that the auto rental company assumes all responsibility for the authorized actions of all unlicensed employees who sell the insurance product on its behalf in conjunction with the rental of its vehicles;

(3) an agreement that the auto rental company with respect to itself and its employees will be subject to this chapter regarding the marketing of the insurance products and the conduct of those persons involved in the sale of insurance products in the same manner as if it were a licensed agent.

An auto rental company failing to file the documents in clauses (1) to (3) is guilty of an individual violation as to the unlicensed sale of insurance for each sale that occurs after August 1, 1987, until they make the required filings. Each individual sale after August 1, 1987, and prior to the filing required by this section is subject to, in addition to any other penalties allowable by law, up to a $200 per violation fine. Further, the sale of the insurance product by an auto rental company or any employee or agent of the company after August 1, 1987, without having complied with this section shall be deemed to be in acceptance of the provisions of this section.

Insurance sold pursuant to this subdivision must be limited in availability to rental vehicle customers though coverage may extend to the customer, other drivers, and passengers using or riding in the rented vehicles; and limited in duration to a period equal to and concurrent with that of the vehicle rental.

Persons purchasing rental vehicle personal accident insurance may be provided a certificate summarizing the policy provisions in lieu of a copy of the policy if a copy of the policy is available for inspection at the place of sale and a free copy of the policy may be obtained from the auto rental company's home office.

The commissioner may, after a hearing, revoke an auto rental company's right to operate under this section if the company has repeatedly violated the insurance laws of this state and the revocation is in the public interest.

Sec. 27. Minnesota Statutes 1990, section 72A.201, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(1) Adjuster or adjusters. "Adjuster" or "adjusters" is as defined in section 72B.02.

(2) Agent. "Agent" means insurance agents or insurance agencies licensed pursuant to ~~section 60A.17~~ *sections 60K.01 to 60K.18*, and representatives of these agents or agencies.

(3) Claim. "Claim" means a request or demand made with an insurer for the payment of funds or the provision of services under the terms of any policy, certificate, contract of insurance, binder, or other contracts of temporary insurance. The term does not include a claim under a health insurance policy made by a participating provider with an insurer in accordance with the participating provider's service agreement with the insurer which has been filed with the commissioner of commerce prior to its use.

(4) Claim settlement. "Claim settlement" means all activities of an insurer related directly or indirectly to the determination of the extent of liabilities due or potentially due under coverages afforded by the policy, and which result in claim payment, claim acceptance, compromise, or other disposition.

(5) Claimant. "Claimant" means any individual, corporation, association, partnership, or other legal entity asserting a claim against any individual, corporation, association, partnership, or other legal entity which is insured under an insurance policy or insurance contract of an insurer.

(6) Complaint. "Complaint" means a communication primarily expressing a grievance.

(7) Insurance policy. "Insurance policy" means any evidence of coverage issued by an insurer including all policies, contracts, certificates, riders, binders, and endorsements which provide or describe coverage. The term includes any contract issuing coverage under a self-insurance plan, group self-insurance plan, or joint self-insurance employee health plans.

(8) Insured. "Insured" means an individual, corporation, association, partnership, or other legal entity asserting a right to payment under their insurance policy or insurance contract arising out of the occurrence of the contingency or loss covered by the policy or contract. The term does not apply to a person who acquires rights under a mortgage.

(9) Insurer. "Insurer" includes any individual, corporation, association, partnership, reciprocal exchange, Lloyds, fraternal benefits society, self-insurer, surplus line insurer, self-insurance administrator, and nonprofit service plans under the jurisdiction of the department of commerce.

(10) Investigation. "Investigation" means a reasonable procedure adopted by an insurer to determine whether to accept or reject a claim.

(11) Notification of claim. "Notification of claim" means any communication to an insurer by a claimant or an insured which reasonably apprises the insurer of a claim brought under an insurance contract or policy issued by the insurer. Notification of claim to an agent of the insurer is notice to the insurer.

(12) Proof of loss. "Proof of loss" means the necessary documentation required from the insured to establish entitlement to payment under a policy.

(13) Self-insurance administrator. "Self-insurance administrator" means any vendor of risk management services or entities administering self-insurance plans, licensed pursuant to section 60A.23, subdivision 8.

(14) Self-insured or self-insurer. "Self-insured" or "self-insurer" means any entity authorized pursuant to section 65B.48, subdivision 3; chapter 62H; section 176.181, subdivision 2; Laws of Minnesota 1983, chapter 290, section 171; section 471.617; or section 471.981 and includes any entity which, for a fee, employs the services of vendors of risk management services in the administration of a self-insurance plan as defined by section 60A.23, subdivision 8, clause (2), subclauses (a) and (d).

Sec. 28. Minnesota Statutes 1990, section 270B.07, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE TO LICENSING AUTHORITIES.] The commissioner may disclose return information with respect to returns filed under Minnesota tax laws to licensing authorities of the state or political subdivisions of the state to the extent necessary to enforce the license clearance programs under sections ~~60A.17~~ *60K.12*, 82.27, 147.091, 148.10, 150A.08, and 270.72.

Sec. 29. [REVISOR INSTRUCTION.]

(a) The revisor shall recodify Minnesota Statutes, section 60A.1701, as Minnesota Statutes, section 60K.19, and shall make the necessary cross-reference changes in Minnesota Statutes and Minnesota Rules.

(b) If a provision of Minnesota Statutes, chapter 60A, repealed by this article is also amended in the 1992 regular legislative session by other law, the revisor shall recodify the amendment to be part of the recodification, notwithstanding Minnesota Statutes, section 645.30.

Sec. 30. [REPEALER.]

Minnesota Statutes 1990, sections 60A.05; 60A.051; 60A.17, subdivisions 1, 1a, 1b, 1c, 2c, 2d, 3, 5, 5b, 6, 6b, 6c, 6d, 7a, 8, 8a, 9a, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21; and Minnesota Statutes 1991 Supplement, section 60A.17, subdivision 1d, are repealed.

ARTICLE 4

MISCELLANEOUS

Section 1. [45.0291]

Bonds issued under chapters 45 to 83, 309, 332, and sections 326.83 to 326.98, are not state bonds or contracts for purposes of sections 8.05 and 16B.06, subdivision 2.

Sec. 2. Minnesota Statutes 1991 Supplement, section 62A.152, subdivision 2, is amended to read:

Subd. 2. [MINIMUM BENEFITS.] (a) All group policies and all group subscriber contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage on the same basis as coverage for other benefits for at least 80 percent of the cost of the usual and customary charges of the first ten hours of treatment incurred over a 12-month benefit period, for mental or nervous disorder consultation, diagnosis and treatment services delivered while the insured person is not a bed patient in a hospital, and at least 75 percent of the cost of the usual and customary charges for any additional hours of treatment during the same 12-month benefit period for serious or persistent mental or nervous disorders, if the services are furnished by (1) a licensed or accredited hospital, (2) a community mental health center or mental health clinic approved or licensed by the commissioner of human services or other authorized state agency, (3) a psychological practitioner licensed under the provisions of sections 148.88 to 148.98, *or* (4) a ~~licensed psychologist licensed under the provisions of sections 148.88 to 148.98, or (5) a psychiatrist licensed under chapter 147~~ *mental health professional, as defined in section 245.462, subdivision 18, if licensed*. Prior authorization from an accident and health insurance company, or a nonprofit health service corporation, shall be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may be limited to a maximum of 30 visit hours during any 12-month benefit period.

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

Sec. 3. Minnesota Statutes 1991 Supplement, section 62A.152, subdivision 3, is amended to read:

Subd. 3. [PROVIDER DISCRIMINATION PROHIBITED.] All group policies and group subscriber contracts that provide benefits for mental or nervous disorder treatments in a hospital must provide direct reimbursement for those services if performed by a ~~psychological practitioner or a licensed psychologist~~ *mental health professional, as defined in section 245.462, subdivision 18, if licensed*, to the extent that the services and treatment are within the scope of ~~psychological practitioner or licensed psychologist~~ *mental health professional* licensure.

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

Sec. 4. Minnesota Statutes 1990, section 62B.04, subdivision 1, is amended to read:

Subdivision 1. [CREDIT LIFE INSURANCE.] (1) The initial amount of credit life insurance shall not exceed the amount of principal repayable under the contract of indebtedness. Thereafter, if the indebtedness is repayable in substantially equal installments according to a predetermined schedule, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater.

(2) Notwithstanding clause (1), the amount of credit life insurance written in connection with credit transactions repayable over a specified term exceeding 63 months, *or at the option of the insurer for any term,* shall not exceed: ~~(i)~~ the actual amount of unpaid indebtedness as it exists from time to time; ~~or (ii) where an indebtedness is repayable in substantially equal installments according to a predetermined schedule, the scheduled amount of unpaid indebtedness,~~ *less any unearned interest or finance charge. However, if the amount of credit life insurance is based on a predetermined schedule, the amount of credit life insurance shall not exceed the scheduled amount of unpaid indebtedness* less any unearned interest or finance charges, plus an amount *for delinquencies, extensions, or other contingencies* equal to ~~two~~ *four* monthly payments.

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

Sec. 5. Minnesota Statutes 1990, section 332.15, subdivision 4, is amended to read:

Subd. 4. [BOND.] Every applicant shall submit to the commissioner at the time of the application for a license, a surety bond ~~to be approved by the attorney general~~ in which the applicant shall be the obligor, in a sum to be determined by the commissioner but not less than $5,000, and in which an insurance company, which is duly authorized by the state of Minnesota to transact the business of fidelity and surety insurance, shall be a surety; provided, however, the commissioner may accept a deposit in cash, or securities such as may legally be purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond, such cash or securities to be deposited with the state treasurer. The commissioner may also require a fidelity bond in an appropriate amount covering employees of any applicant. Each branch office or additional place of business of an applicant shall be bonded as provided herein. In determining the bond amount necessary for the maintenance of any office be it surety, fidelity or both the commissioner shall consider the financial responsibility, experience, character and general fitness of the agency and its operators and owners; the volume of business handled or proposed to be handled; the location of the office and the geographical area served or proposed to be served; and such other information the commissioner may deem pertinent based upon past performance, previous examinations, annual reports and manner of business conducted in other states.

Sec. 6. Minnesota Statutes 1991 Supplement, section 332.55, is amended to read:

332.55 [BOND.]

A credit services organization must submit to the commissioner at the time of registration, a surety bond of $10,000 ~~to be approved by the attorney general~~ and in which an insurance company, which is authorized by the state of Minnesota to transact the business of fidelity and surety insurance, is a surety. The credit services organization must be the obligor. The bond must benefit the state of Minnesota and any person who may have a cause of action against the obligor arising out of the obligor's activities as a credit services organization. The commissioner may accept a deposit in cash, or securities that may be legally purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond. The cash or securities must be deposited with the state treasurer.

Sec. 7. Minnesota Statutes 1991 Supplement, section 345.485, is amended to read:

345.485 [*RECOVERY OF* PROPERTY ~~IN OTHER STATES~~ *BY OTHERS.*]

The commissioner may request that the attorney general of another state or another person or entity in the other state make a demand or bring an action to recover unclaimed property in the name of the commissioner in the other state. *The commissioner may request that another person or entity make a demand or bring an action to recover unclaimed property in this state in the name of the commissioner.* This state shall pay all expenses including attorney fees incurred under this section. The commissioner may agree to pay fees to the person or entity making the demand or bringing the action based in whole or in part on a percentage of the value of any property recovered. Expenses paid under this section shall not reduce the amount to which the claimant is entitled.

Sec. 8. [EFFECTIVE DATE.]

Sections 2 and 3 are effective for policies, plans, or contracts issued or renewed on or after August 1, 1992.

ARTICLE 5

CREDIT UNEMPLOYMENT INSURANCE

Section 1. Minnesota Statutes 1990, section 47.016, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the following terms have the meanings given them.

(b) "Credit insurance" ~~means credit life and accident and health insurance as defined~~ *has the meaning given the term* in section 62B.02.

(c) "Officer," "director," "employee," and "shareholder" include the spouse and minor children of the officer, director, employee, or shareholder.

(d) "Interest" includes ownership through a spouse or minor children; ownership through a broker, nominee, or agent; and ownership through a corporation, partnership, association, joint venture, or proprietorship.

(e) "Financial institution" means any person who lends money and sells credit insurance to the borrower.

Sec. 2. Minnesota Statutes 1990, section 48.185, subdivision 4, is

amended to read:

Subd. 4. No charges other than those provided for in subdivision 3 shall be made directly or indirectly for any credit extended under the authority of this section, except that there may be charged to the debtor:

(a) annual charges, not to exceed $50 per annum, payable in advance, for the privilege of using a bank credit card;

(b) charges for premiums on credit ~~life and credit accident and health~~ insurance *regulated under chapter 62B* if:

(1) the insurance is not required by the financial institution and this fact is clearly disclosed in writing to the debtor; and

(2) the debtor is notified in writing of the cost of the insurance and affirmatively elects, in writing, to purchase the insurance;

(c) charges for the use of an automated teller machine when cash advances are obtained pursuant to this section through the use of an automated teller machine;

(d) in the case of a financial institution referred to in subdivision 1 that does not charge an annual fee, delinquency and collection charges as follows:

(1) on each payment in arrears for a period not less than ten days, in an amount not in excess of the delinquency and collection charge permitted in section 168.71;

(2) for any monthly or other periodic payment period where the debtor has exceeded or thereby exceeds the maximum approved credit limit under the open-end loan account arrangement, in an amount not in excess of the service charge limitations in section 332.50; and

(3) for any returned check or returned automatic payment withdrawal request, in an amount not in excess of the service charge limitation in section 332.50; and

(e) to the extent not otherwise prohibited by law, charges for other goods or services offered by or through a financial institution referred to in subdivision 1 which the debtor elects to purchase, including, but not limited to, charges for check and draft copies and for the replacement of lost or stolen cards.

Sec. 3. Minnesota Statutes 1991 Supplement, section 52.04, subdivision 1, is amended to read:

Subdivision 1. A credit union has the following powers:

(1) to offer its members and other credit unions various classes of shares, share certificates, deposits, or deposit certificates;

(2) to receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other thrift organizations within its membership. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a credit union;

(3) to make loans to members for provident or productive purposes as provided in section 52.16;

(4) to make loans to a cooperative society or other organization having membership in the credit union;

(5) to deposit in state and national banks and trust companies authorized to receive deposits;

(6) to invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;

(7) to borrow money as hereinafter indicated;

(8) to adopt and use a common seal and alter the same at pleasure;

(9) to make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal Credit Union Act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets. However, payments on shares of and deposit with credit unions chartered by other states are restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause do not apply to share accounts and deposit accounts of the Minnesota corporate credit union in United States central credit union or to share accounts and deposit accounts of credit unions in the Minnesota corporate credit union;

(10) to contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor;

(11) to indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred in connection with or arising out of any action, suit, or proceeding to which that person is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which that person is finally adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of duties. The indemnification is not exclusive of any other rights to which that person may be entitled under any bylaw, agreement, vote of members, or otherwise;

(12) upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make those payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts, but a credit union proposing to permit draft withdrawals shall notify the commissioner of commerce, in the form prescribed, of its intent not less than 90 days prior to authorizing draft withdrawals. The board of directors of a credit union may restrict one class of shares to the extent that it may not be redeemed, withdrawn, or transferred except upon termination of membership in the credit union;

(13) to inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(14) to facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group insurance plan or a subgroup under a master policy plan and to disseminate information to its members concerning the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, if the credit union obtains written authorization from the member for remittance by share or deposit withdrawals or through proceeds of loans made by the members, or by permitting the credit union to make the payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for expenses incurred or in the case of credit ~~life and accident and health~~ insurance within the meaning of chapter 62B commissions for the handling of the insurance. The amount reimbursed or the commissions received may constitute the general income of the credit union. The directors, officers, committee members and employees of a credit union shall not profit on any insurance sale facilitated through the credit unions;

(15) to contract with another credit union to furnish services which either could otherwise perform. Contracted services under this clause are subject to regulation and examination by the commissioner of commerce like other services;

(16) in furtherance of the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union;

(17) to rent safe deposit boxes to its members if the credit union obtains adequate insurance or bonding coverage for losses which might result from the rental of safe deposit boxes;

(18) notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to chapter 118 or section 9.031;

(19) to accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of Treasury of the United States;

(20) to accept deposits pursuant to section 149.12, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members;

(21) to sell, in whole or in part, real estate secured loans provided that:

(a) the loan is secured by a first lien;

(b) the board of directors approves the sale;

(c) if the sale is partial, the agreement to sell a partial interest shall, at a minimum:

(i) identify the loan or loans covered by the agreement;

(ii) provide for the collection, processing, remittance of payments of

principal and interest, taxes and insurance premiums and other charges or escrows, if any;

(iii) define the responsibilities of each party in the event the loan becomes subject to collection, loss or foreclosure;

(iv) provide that in the event of loss, each owner shall share in the loss in proportion to its interest in the loan or loans;

(v) provide for the distribution of payments of principal to each owner proportionate to its interest in the loan or loans;

(vi) provide for loan status reports;

(vii) state the terms and conditions under which the agreement may be terminated or modified; and

(d) the sale is without recourse or repurchase unless the agreement:

(i) requires repurchase of a loan because of any breach of warranty or misrepresentation;

(ii) allows the seller to repurchase at its discretion; or

(iii) allows substitution of one loan for another;

(22) in addition to the sale of loans secured by a first lien on real estate, to sell, pledge, discount, or otherwise dispose of, in whole or in part, to any source, a loan or group of loans, other than a self-replenishing line of credit; provided, that within a calendar year beginning January 1 the total dollar value of loans sold, other than loans secured by real estate or insured by a state or federal agency, shall not exceed 25 percent of the dollar amount of all loans and participating interests in loans held by the credit union at the beginning of the calendar year, unless otherwise authorized in writing by the commissioner;

(23) to designate the par value of the shares of the credit union by board resolution;

(24) to exercise by resolution the powers set forth in United States Code, title 12, section 1757, as amended through August 1, 1985. Before exercising each power, the board must submit a plan to the commissioner of commerce detailing implementation of the power to be used;

(25) to offer self-directed individual retirement accounts and Keogh accounts and act as custodian and trustee of these accounts if:

(1) all contributions of funds are initially made to a deposit, share or share certificate account in the credit union;

(2) any subsequent transfer of funds to other assets is solely at the direction of the member and the credit union exercises no investment discretion and provides no investment advice with respect to plan assets; and

(3) the member is clearly notified of the fact that National Credit Union Share Insurance Fund coverage is limited to funds held in deposit, share or share certificate accounts of National Credit Union Share Insurance Fund-insured credit unions.

Sec. 4. Minnesota Statutes 1990, section 56.125, subdivision 3, is amended to read:

Subd. 3. [CHARGES.] In addition to the charges authorized in subdivision 1, a licensee may contract for and receive in connection with an

open-end loan agreement the additional charges, fees, costs, and expenses with respect to the line of credit limit permitted by sections 56.131, subdivisions 1, paragraph (f), clauses (4) and (5), 2, 5, and 6; and 56.155 with respect to other loans, with the following variations:

(1) If credit ~~life or disability~~ insurance is provided and if the insured dies or becomes disabled when there is an outstanding open-end loan indebtedness, the amount of the insurance may not exceed the total balance of the loan due on the date of the borrower's death or on the date of the last billing statement in the case of credit life *or credit unemployment* insurance, or all minimum payments which become due on the loan during the covered period of disability in the case of credit disability insurance. The additional charge for credit ~~life~~ insurance ~~or credit disability insurance~~ must be calculated in each billing cycle by applying the current monthly premium rate for the insurance to the unpaid balances in the borrower's account.

(2) The amount, terms, and conditions of any credit insurance against loss or damage to property must be reasonable in relation to the character and value of the property insured.

Sec. 5. Minnesota Statutes 1990, section 56.155, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] No licensee shall, directly or indirectly, sell or offer for sale any insurance in connection with any loan made under this chapter except as and to the extent authorized by this section. The sale of credit ~~life and credit accident and health~~ insurance is subject to the provisions of chapter 62B, except that the term of the insurance may exceed 60 months if the term of the loan exceeds 60 months. Life, accident, and health insurance, or any of them, may be written upon or in connection with any loan but must not be required as additional security for the indebtedness. If the debtor chooses to procure credit ~~life~~ insurance ~~or credit accident and health insurance~~ as security for the indebtedness, the debtor shall have the option of furnishing this security through existing policies of insurance that the debtor owns or controls, or of furnishing the coverage through any insurer authorized to transact business in this state. A statement in substantially the following form must be made orally and provided in writing in bold face type of a minimum size of 12 points to the borrower before the transaction is completed for each credit ~~life and accident and health~~ insurance coverage sold:

> CREDIT ~~LIFE~~ INSURANCE ~~AND CREDIT DISABILITY INSURANCE ARE~~ *IS* NOT REQUIRED TO OBTAIN CREDIT. YOU MAY BUY ANY INSURANCE FROM ANYONE YOU CHOOSE OR YOU MAY USE EXISTING INSURANCE.

The licensee shall disclose whether or not the benefits commence as of the first day of disability and shall further disclose the number of days that an insured obligor must be disabled, as defined in the policy, before benefits, whether retroactive or nonretroactive, commence. In case there are multiple obligors under a transaction subject to this chapter, no policy or certificate of insurance providing credit accident and health benefits *or credit unemployment benefits* may be procured by or through a licensee upon more than one of the obligors. In case there are multiple obligors under a transaction subject to this chapter, no policy or certificate of insurance providing credit life insurance may be procured by or through a licensee upon more than two of the obligors in which case they shall be insured jointly. The premium or identifiable charge for the insurance must not exceed that filed by the

insurer with the department of commerce. The charge, computed at the time the loan is made for a period not to exceed the full term of the loan contract on an amount not to exceed the total amount required to pay principal and charges, may be deducted from the proceeds or may be included as part of the principal of any loan. If a borrower procures insurance by or through a licensee, the statement required by section 56.14 must disclose the cost to the borrower and the type of insurance, and the licensee shall cause to be delivered to the borrower a copy of the policy, certificate, or other evidence thereof, within a reasonable time. No licensee shall decline new or existing insurance which meets the standards set out in this section nor prevent any obligor from obtaining this insurance coverage from other sources. Notwithstanding any other provision of this chapter, any gain or advantage to the licensee or to any employee, affiliate, or associate of the licensee from this insurance or the sale or provision thereof is not an additional or further charge in connection with the loan; nor are any of the provisions pertaining to insurance contained in this section prohibited by any other provision of this chapter.

Sec. 6. Minnesota Statutes 1990, section 60A.17, subdivision 1a, is amended to read:

Subd. 1a. [LICENSE APPLICATION.] (a) [PROCEDURE.] An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed. The application for license shall be accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9) at the time the agent becomes licensed. The application and appointment shall be on forms prescribed by the commissioner.

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

(b) [RESIDENT AGENT.] The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(1) a person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes, shall constitute an election of residency in this state. Any license issued upon an application claiming residency in this state shall be void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state;

(2) the commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an

insurance agent. The examination shall be held at a reasonable time and place designated by the commissioner:

(3) the examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state;

(4) the examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall not include a school sponsored by, offered by, or affiliated with an insurance company or its agents; except that this limitation does not preclude a bona fide professional association of agents, not acting on behalf of an insurer, from offering courses. The course of study shall consist of 30 hours of classroom study devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. The program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by the organization offering the course shall accompany the applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order;

(5) the applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed;

(6) an applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived; and

(7) any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner. An applicant whose license is not renewed under subdivision 20 is exempt from the requirement of a written examination.

(c) [NONRESIDENT AGENT.] The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(1) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought;

(2) The commissioner shall not issue a license to any nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true

and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of any interested person arising out of the applicant's insurance business in this state. This designation shall constitute an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon any licensee in any action or proceeding commenced in any court of competent jurisdiction of this state may be made by serving the commissioner with appropriate copies of the process along with payment of the fee pursuant to section 60A.14, subdivision 1, paragraph (c), clause (4). The commissioner shall forward a copy of the process by registered or certified mail to the licensee at the last known address of record or principal place of business of the licensee; and

(3) A nonresident license shall terminate automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

(d) [DENIAL.] (1) If the commissioner finds that an applicant for a resident or nonresident license has not fully met the requirements for licensing, the commissioner shall refuse to issue the license and shall promptly give written notice to both the applicant and the appointing insurer of the denial, stating the grounds for the denial. All fees which accompanied the application and appointment shall be deemed earned and shall not be refundable.

(2) The commissioner may also deny issuance of a license for any cause that would subject the license of a licensee to suspension or revocation. If a license is denied pursuant to this clause, the provisions of subdivision 6c, paragraph (c), apply.

(3) The applicant may make a written demand upon the commissioner for a hearing within 30 days of the denial of a license to determine whether the reasons stated for the denial were lawful. The hearing shall be held pursuant to chapter 14.

(e) [TERM.] All licenses issued pursuant to this section shall remain in force until voluntarily terminated by the licensee, not renewed as prescribed in subdivision 1d, or until suspended or revoked by the commissioner. A voluntary termination shall occur when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination shall also occur upon the happening of the event described in paragraph (c), clause (3).

Every licensed agent shall notify the commissioner within 30 days of any change of name, address, or information contained in the application.

(f) [SUBSEQUENT APPOINTMENTS.] A person who holds a valid agent's license from this state may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided, that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9). The notice of appointment shall be on a form prescribed by the commissioner.

(g) [AMENDMENT OF LICENSE.] An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c).

An applicant who surrenders an insurance license pursuant to this clause retains licensed status until an amended license is received.

(h) [EXCEPTIONS.] The following are exempt from the general licensing requirements prescribed by this section:

(1) agents of township mutuals who are exempted pursuant to subdivision 1b;

(2) fraternal beneficiary association representatives exempted pursuant to subdivision 1c;

(3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer; provided that a licensed agent must participate in the sale of any such insurance;

(4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided, that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications therefor;

(5) employees of a creditor who enroll debtors for ~~life or accident and health~~ *credit* insurance *subject to chapter 62B*; provided the employees receive no commission or fee therefor;

(6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums; and

(7) rental vehicle companies and their employees in connection with the offer of rental vehicle personal accident insurance under section 72A.125.

Sec. 7. Minnesota Statutes 1990, section 62B.02, is amended by adding a subdivision to read:

Subd. 1a. [CREDIT INSURANCE.] *"Credit insurance" means insurance providing life, accident, health, or unemployment coverage on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction if the debtor dies or while the debtor is disabled or unemployed as defined in the policy.*

Sec. 8. Minnesota Statutes 1990, section 62B.03, is amended to read:

62B.03 [FORMS OF CREDIT ~~LIFE~~ INSURANCE ~~AND CREDIT ACCIDENT AND HEALTH INSURANCE~~.]

Credit ~~life~~ insurance ~~and credit accident and health insurance~~ shall be issued only in the following forms:

(1) Individual policies of life insurance issued to debtors on the term plan;

(2) Individual policies of accident and health insurance issued to debtors on a term plan or disability benefit provisions in individual policies of credit life insurance;

(3) *Individual policies of unemployment insurance issued to debtors on a term plan or disability benefit provision in individual policies of credit life insurance;*

(4) Group policies of life insurance issued to creditors providing insurance upon the lives of debtors on the term plan;

~~(4)~~ *(5)* Group policies of accident and health insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies to provide such coverage; *or*

(6) Group policies of unemployment insurance issued to creditors on a term plan insuring debtors or disability benefit provisions in group credit life insurance policies to provide this coverage.

Sec. 9. Minnesota Statutes 1990, section 62B.04, subdivision 1, is amended to read:

Subdivision 1. [CREDIT LIFE *AND CREDIT UNEMPLOYMENT* INSURANCE.] (1) The initial amount of credit life *and credit unemployment* insurance shall not exceed the amount of principal repayable under the contract of indebtedness. Thereafter, if the indebtedness is repayable in substantially equal installments according to a predetermined schedule, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater.

(2) Notwithstanding clause (1), the amount of credit life *and credit unemployment* insurance written in connection with credit transactions repayable over a specified term exceeding 63 months shall not exceed: (i) the actual amount of unpaid indebtedness as it exists from time to time; or (ii) where an indebtedness is repayable in substantially equal installments according to a predetermined schedule, the scheduled amount of unpaid indebtedness, less any unearned interest or finance charges, plus an amount equal to two monthly payments.

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

Sec. 10. Minnesota Statutes 1990, section 72A.20, subdivision 27, is amended to read:

Subd. 27. [SOLICITATIONS AND SALES OF INSURANCE PRODUCTS TO BORROWERS.] (a) A loan officer, a loan representative, or other person involved in taking or processing a loan may not solicit an insurance product, except for credit ~~life and disability~~ *insurance* or mortgage life, mortgage accidental death, or mortgage disability, and except for life insurance when offered in lieu of credit life insurance, from the completion of the initial loan application, as defined in the federal Equal Credit Opportunity Act, United States Code, title 15, sections 1691 to 1691f, and any regulations adopted under those sections, until after the closing of the loan

transaction.

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

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

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

Sec. 11. [REVISOR INSTRUCTION.]

The revisor of statutes shall change the term "credit life insurance," "credit disability insurance," "credit accident and health insurance," or similar terms to "credit insurance" wherever the terms appear in Minnesota Statutes, sections 62B.01, and 62B.05 to 62B.14."

Delete the title and insert:

"A bill for an act relating to commerce; regulating data collection, enforcement powers, premium finance agreements, temporary capital stock of mutual life companies, surplus lines insurance, conversion privileges, coverages, rehabilitations and liquidations, the comprehensive health insurance plan, and claims practices; requiring insurers to notify all covered persons of cancellations of group coverage; regulating continuation privileges and automobile premium surcharges; prohibiting unfair or deceptive practices; regulating insurance agent licensing and education; carrying out the intent of the legislature to make uniform the statutory service of process provisions under the jurisdiction of the department of commerce; requiring coverage for mental or nervous disorders treatment provided by licensed mental health professionals; regulating credit life insurance; authorizing credit unemployment insurance; providing for the recovery of unclaimed property; making various technical changes; amending Minnesota Statutes 1990, sections 45.012; 45.027, by adding subdivisions; 45.028, subdivision 1; 47.016, subdivision 1; 48.185, subdivisions 4 and 7; 56.125, subdivision 3; 56.155, subdivision 1; 59A.08, subdivisions 1 and 4; 59A.11, subdivision 4; 59A.12, subdivision 1; 60A.02, subdivision 7, and by adding a subdivision; 60A.03, subdivision 2; 60A.07, subdivisions 1 and 10; 60A.12, subdivision 4; 60A.17, subdivision 1a; 60A.1701, subdivisions 3 and 7; 60A.19, subdivision 4; 60A.201, subdivision 4; 60A.203; 60A.206, subdivision 3; 60A.21, subdivision 2; 60B.03, by adding a subdivision; 60B.15; 60B.17, subdivision 1; 62A.10, subdivision 1; 62A.21, subdivision 2b; 62A.30, subdivision 1; 62A.41, subdivision 4; 62A.48, subdivision 8; 62A.54; 62B.02, by adding a subdivision; 62B.03; 62B.04, subdivision 1; 62C.17, subdivision 5; 62D.22, subdivision 8; 62E.02, subdivisions 21 and 23; 62E.11, subdivision 9; 62E.14, by adding a subdivision; 62E.15, subdivision 4, and by adding subdivisions; 62E.16; 62H.01; 64B.33; 64B.35, subdivision 2; 65B.133, subdivision 4; 71A.02, subdivision 3; 72A.07; 72A.125, subdivision 2; 72A.20, subdivisions 23 and 27; 72A.201, subdivision 3; 72A.22, subdivision 5; 72A.37, subdivision 2; 72A.43, subdivision 2; 72B.02, by adding a subdivision; 72B.03, subdivision 2; 72B.04, subdivision 6; 80A.27, subdivisions 7 and 8; 80C.20; 82.31, subdivision 3; 82A.22, subdivisions 1 and 2; 83.39, subdivisions 1 and 2; 270B.07,

subdivision 1; 332.15, subdivision 4; and 543.08; Minnesota Statutes 1991 Supplement, sections 45.027, subdivisions 1, 2, 5, 6, and 7; 52.04, subdivision 1; 60A.13, subdivision 3a; 60D.15, subdivision 4; 60D.17, subdivision 4; 62A.152, subdivisions 2 and 3; 72A.201, subdivision 8; 82B.15, subdivision 3; 332.55; and 345.485; Laws 1991, chapter 233, section 111; proposing coding for new law in Minnesota Statutes, chapters 45; 60A; and 62I; proposing coding for new law as Minnesota Statutes, chapter 60K; repealing Minnesota Statutes 1990, sections 60A.05; 60A.051; 60A.17, subdivisions 1, 1a, 1b, 1c, 2c, 2d, 3, 5, 5b, 6, 6b, 6c, 6d, 7a, 8, 8a, 9a, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21; 62A.01, subdivision 4; 62A.29; 65B.70; and 72A.13, subdivision 3; and Minnesota Statutes 1991 Supplement, section 60A.17, subdivision 1d."

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1836 and 2212 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 1903 be taken from the table. The motion prevailed.

H.F. No. 1903: A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state bonds; appropriating money; amending Minnesota Statutes 1990, section 124.495; Minnesota Statutes 1991 Supplement, section 124.479; proposing coding for new law in Minnesota Statutes, chapters 124; and 124C.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1903 and that the rules of the Senate be so far suspended as to give H.F. No. 1903 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1903 was read the second time.

Mr. Merriam moved to amend H.F. No. 1903 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1903, and insert the language after the enacting clause, and the title, of S.F. No. 2780, as introduced.

The motion prevailed. So the amendment was adopted.

Mrs. Benson, J.E. moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 5, delete line 41

Page 5, line 42, delete "(c)" and insert "(b)"

Page 5, line 43, delete "(d)" and delete "this" and insert "clauses (a)

and (b)"

Page 5, line 44, delete "subdivision"

Page 5, after line 46, insert:

"(c) St. Cloud State University 290,000

This appropriation is for schematic plans to construct a new library."

Page 10, line 13, delete "6,000,000" and insert "5,940,000"

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

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on H.F. No. 1903. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Benson, J.E. amendment.

The roll was called, and there were yeas 23 and nays 41, as follows:

Those who voted in the affirmative were:

Belanger	Brataas	Halberg	Larson	Pariseau
Benson, D.D.	Davis	Johnson, D.E.	McGowan	Renneke
Benson, J.E.	Day	Johnston	Mehrkens	Terwilliger
Bernhagen	Frederickson, D.R.	Knaak	Neuville	
Bertram	Gustafson	Laidig	Olson	

Those who voted in the negative were:

Adkins	Flynn	Lessard	Pappas	Spear
Beckman	Frank	Luther	Piper	Stumpf
Berg	Frederickson, D.J.	Marty	Pogemiller	Traub
Berglin	Hottinger	Merriam	Price	Vickerman
Chmielewski	Johnson, D.J.	Metzen	Ranum	Waldorf
Cohen	Johnson, J.B.	Moe, R.D.	Reichgott	
DeCramer	Kelly	Mondale	Sams	
Dicklich	Kroening	Morse	Samuelson	
Finn	Langseth	Novak	Solon	

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

Mr. Hottinger moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 14, line 10, delete "Le Seuer" and insert "Le Sueur"

The motion prevailed. So the amendment was adopted.

Mr. Moe, R.D. moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 9, line 3, delete "6,000,000" and insert "2,000,000"

Page 9, delete lines 4 to 7 and insert:

"To reconstruct the mental health unit at Anoka regional treatment center."

Correct the section total accordingly

Page 9, after line 34, insert:

"Sec. 10. VETERANS HOMES BOARD 13,300,000

To construct a 240-bed veterans nursing home at Moorhead."

Pages 10 and 11, delete section 11

Renumber the sections in sequence and correct the internal references

Correct the appropriation summary and the bond sale authorization accordingly

Mr. Knaak moved to amend the Moe, R.D. amendment to H.F. No. 1903 as follows:

Page 1, line 11, delete "13,300,000" and insert "19,300,000"

Page 1, after line 13, insert:

"Page 10, delete lines 13 to 16

Renumber the subdivisions in sequence

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

The question was taken on the adoption of the Knaak amendment to the Moe, R.D. amendment.

The roll was called, and there were yeas 10 and nays 54, as follows:

Those who voted in the affirmative were:

Belanger	Benson, J.E.	Johnston	Mehrkens	Pariseau
Benson, D.D.	Brataas	Knaak	Neuville	Terwilliger

Those who voted in the negative were:

Adkins	Finn	Johnson, J.B.	Moe, R.D.	Renneke
Beckman	Flynn	Kelly	Mondale	Riveness
Berg	Frank	Kroening	Morse	Sams
Berglin	Frederickson, D.J.	Laidig	Novak	Samuelson
Bertram	Frederickson, D.R.	Langseth	Olson	Solon
Chmielewski	Gustafson	Larson	Pappas	Spear
Cohen	Halberg	Lessard	Piper	Stumpf
Dahl	Hottinger	Luther	Pogemiller	Traub
Davis	Hughes	McGowan	Price	Vickerman
Day	Johnson, D.E.	Merriam	Ranum	Waldorf
DeCramer	Johnson, D.J.	Metzen	Reichgott	

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

The question recurred on the adoption of the Moe, R.D. amendment.

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

Those who voted in the affirmative were:

Beckman	Flynn	Knaak	Morse	Riveness
Berglin	Frederickson, D.J.	Laidig	Novak	Spear
Cohen	Halberg	Langseth	Olson	Stumpf
Dahl	Hottinger	Luther	Piper	Traub
Day	Hughes	Metzen	Price	Vickerman
DeCramer	Johnson, J.B.	Moe, R.D.	Ranum	
Finn	Johnston	Mondale	Reichgott	

Those who voted in the negative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Sams
Belanger	Chmielewski	Johnson, D.J.	Merriam	Samuelson
Benson, D.D.	Davis	Kelly	Neuville	Solon
Benson, J.E.	Dicklich	Kroening	Pappas	Terwilliger
Berg	Frank	Larson	Pariseau	Waldorf
Bernhagen	Frederickson, D.R.	Lessard	Pogemiller	
Bertram	Gustafson	McGowan	Renneke	

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

Mr. Johnson, D.E. moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 10, line 13, delete "6,000,000" and insert "4,310,000"

Page 12, line 3, delete "1,000,000" and insert "2,690,000"

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

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Belanger	Brataas	Gustafson	Larson	Pariseau
Benson, D.D.	Davis	Halberg	McGowan	Renneke
Benson, J.E.	Day	Johnson, D.E.	Mehrkens	Sams
Bernhagen	Finn	Knaak	Neuville	Terwilliger
Bertram	Frederickson, D.R.	Laidig	Olson	

Those who voted in the negative were:

Adkins	Frederickson, D.J.	Langseth	Morse	Samuelson
Beckman	Hottinger	Lessard	Pappas	Spear
Berg	Hughes	Luther	Piper	Stumpf
Cohen	Johnson, D.J.	Marty	Pogemiller	Traub
Dahl	Johnson, J.B.	Merriam	Price	Vickerman
DeCramer	Johnston	Metzen	Ranum	Waldorf
Flynn	Kelly	Moe, R.D.	Reichgott	
Frank	Kroening	Mondale	Riveness	

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

Mr. Finn moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 3, delete lines 56 to 59

Page 4, delete lines 1 and 2

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

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

Mr. Frederickson, D.R. moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 10, line 13, delete "6,000,000" and insert "5,500,000"

Page 12, line 20, delete "1,250,000" and insert "1,750,000"

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

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 36, as follows:

Those who voted in the affirmative were:

Beckman	Brataas	Hottinger	McGowan	Sams
Belanger	Davis	Johnson, D.E.	Mehrkens	Terwilliger
Benson, D.D.	Day	Johnston	Neuville	Vickerman
Benson, J.E.	Frank	Knaak	Novak	
Berg	Frederickson, D.R.	Laidig	Olson	
Bernhagen	Gustafson	Larson	Pariseau	
Bertram	Halberg	Lessard	Renneke	

Those who voted in the negative were:

Adkins	Flynn	Luther	Piper	Spear
Berglin	Frederickson, D.J.	Marty	Pogemiller	Stumpf
Chmielewski	Hughes	Merriam	Price	Traub
Cohen	Johnson, D.J.	Metzen	Ranum	Waldorf
Dahl	Johnson, J.B.	Moe, R.D.	Reichgott	
DeCramer	Kelly	Mondale	Riveness	
Dicklich	Kroening	Morse	Samuelson	
Finn	Langseth	Pappas	Solon	

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

Mr. Mehrkens moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Page 9, after line 26, insert:

"Subd. 5. Minnesota correctional Facility - Red Wing

To construct and remodel space at the Minnesota Correctional Facility-Red Wing, to provide a secure detention unit for the confinement of adjudicated juvenile delinquents who present a danger to the public safety. 3,750,000"

Page 10, line 13, delete "6,000,000" and insert "2,250,000"

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

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

Mr. Waldorf moved to amend H.F. No. 1903, as amended by the Senate March 30, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2780.)

Pages 6 and 7, delete subdivision 2

Renumber the subdivisions in sequence

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

Correct the appropriation summary and the bond sale authorization accordingly

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

H.F. No. 1903 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 65 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, D.J.	Merriam	Ranum
Beckman	DeCramer	Johnson, J.B.	Metzen	Reichgott
Belanger	Dicklich	Johnston	Moe, R.D.	Renneke
Benson, D.D.	Finn	Kelly	Mondale	Riveness
Benson, J.E.	Flynn	Kroening	Morse	Sams
Berg	Frank	Laidig	Neuville	Samuelson
Berglin	Frederickson, D.J.	Langseth	Novak	Solon
Bernhagen	Frederickson, D.R.	Larson	Olson	Spear
Bertram	Gustafson	Lessard	Pappas	Stumpf
Brataas	Halberg	Luther	Pariseau	Terwilliger
Chmielewski	Hottinger	Marty	Piper	Traub
Dahl	Hughes	McGowan	Pogemiller	Vickerman
Davis	Johnson, D.E.	Mehrkens	Price	Waldorf

Mr. Knaak voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Merriam moved that S.F. No. 2780, on General Orders, be stricken and laid on the table. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Messrs. Kelly and Cohen introduced—

S.F. No. 2782: A bill for an act relating to taxation; providing for manufacturing opportunity districts in certain cities; providing tax credits and exemptions for certain industries located in a manufacturing opportunity district; proposing coding for new law in Minnesota Statutes, chapter 469.

Referred to the Committee on Taxes and Tax Laws.

MEMBERS EXCUSED

Mr. Cohen was excused from the Session of today at 6:00 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, March 31, 1992. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate