NINETY-EIGHTH DAY

St. Paul, Minnesota, Tuesday, April 14, 1992

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

CALL OF THE SENATE

Mr. Metzen 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. Joseph M. Dokken.

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.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1935 and 2185.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1992

Mr. President:

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

S.F. No. 1590: A bill for an act relating to unemployment compensation; pertaining to treatment of American Indian tribal governments as employers for purposes of unemployment compensation insurance payments; amending Minnesota Statutes 1990, section 268.06, by adding a subdivision.

Senate File No. 1590 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1992

CONCURRENCE AND REPASSAGE

Mr. Stumpf moved that the Senate concur in the amendments by the House to S.F. No. 1590 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1590 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2499: A bill for an act relating to natural resources; authorizing the establishment of the Mille Lacs preservation and development board; proposing coding for new law in Minnesota Statutes, chapter 103F.

Senate File No. 2499 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1992

Mr. Davis moved that the Senate do not concur in the amendments by the House to S.F. No. 2499, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the

House. The motion prevailed.

Mr. President:

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

S.F. No. 979: A bill for an act relating to crimes; providing that it is a misdemeanor to sell a toxic substance containing butane to a minor; moving certain misdemeanor provisions to the criminal code; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1990, sections 145.38; 145.385; and 145.39.

Senate File No. 979 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1992

CONCURRENCE AND REPASSAGE

Ms. Pappas moved that the Senate concur in the amendments by the House to S.F. No. 979 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 979 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2111: A bill for an act relating to living wills; adding certain information to the suggested health care declaration form; amending Minnesota Statutes 1990, section 145B.04.

Senate File No. 2111 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1992

Mr. Solon moved that the Senate do not concur in the amendments by the House to S.F. No. 2111, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1985, 2804, 217, 2001 and 2437.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1992

FIRST READING OF HOUSE BILLS

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

H.F. No. 1985: A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to persons not otherwise liable who undertake and complete cleanup actions under an approved cleanup plan; providing for submission and approval of cleanup plans and supervision of cleanup by the commissioner of the pollution control agency; authorizing the commissioner of the pollution control agency to issue determinations or enter into agreements with property owners near the source of releases of hazardous substances regarding future cleanup liability; appropriating money; amending Minnesota Statutes 1990, section 115B.17, subdivision 14; proposing coding for new law in Minnesota Statutes, chapter 115B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1866.

H.F. No. 2804: A bill for an act relating to agriculture; requiring labels for packaged wild rice offered for wholesale or retail sale in Minnesota to customers or consumers in Minnesota to include the place of origin and the method of harvesting; eliminating annual reporting requirements and modifying record keeping requirements; amending Minnesota Statutes 1990, section 30.49, subdivisions 1, 2, 3, and by adding subdivisions.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2572, now on General Orders.

H.F. No. 217: A bill for an act relating to occupations and professions; requiring the certification of interior designers; defining certified interior designer; providing for administration of certification requirements; changing the name of the board of architecture, engineering, land surveying, and landscape architecture; amending Minnesota Statutes 1990, sections 116J.70, subdivision 2a; 319A.02, subdivision 2; 326.02, subdivisions 1, 5, and by adding a subdivision; 326.03, subdivision 1; 326.031; 326.05; 326.06; 326.07; 326.08, subdivision 2; 326.09; 326.10, subdivisions 1, 2,

and 2a; 326.11, subdivision 1; 326.12; 326.13; and 326.14; Minnesota Statutes 1991 Supplement, section 326.04.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 394, now on General Orders.

H.F. No. 2001: A bill for an act relating to retirement; requiring the metropolitan airports commission to apply for certain state aid; providing an optional method for calculating annuities of certain members of the Minneapolis employees retirement fund; amending Minnesota Statutes 1990, sections 69.011, by adding a subdivision; 69.031, subdivision 5; and 422A.01, by adding subdivisions; Minnesota Statutes 1991 Supplement, section 69.011, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 422A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1934, now on the Calendar.

H.F. No. 2437: A bill for an act relating to the environment; pollution control; conforming certain pollution control measures to federal Clean Air Act amendments; authorizing assessment of emission fees; changing method used for calculating emission fees; changing the definition of chlorofluorocarbons; establishing a small business air quality compliance assistance program; providing for the appointment of an ombudsman for small business air quality compliance assistance; creating a small business air quality compliance advisory council; amending Minnesota Statutes 1990, sections 116.61, subdivision 1; and 116.70, subdivision 3; Minnesota Statutes 1991 Supplement, section 116.07, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 116.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2095, now on General Orders.

REPORTS OF COMMITTEES

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

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

S.F. No. 1648: A bill for an act relating to the agricultural economy; authorizing certain obligations to assist in the use of agricultural industrial facilities in the city of Detroit Lakes; appropriating money.

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

Delete everything after the enacting clause and insert:

"Section 1. [PURPOSE.]

The purpose of sections 1 to 14 is to develop the state's agricultural resources by extending credit on real estate security; to foster long-term economic growth and job creation by financing an agricultural-industrial facility; to prevent the loss of jobs and encourage and promote the creation of additional jobs in the state in the agricultural industry and in other businesses in the state served or affected by the agricultural industry; to promote the continued growth, and reduce the potential for and effects of a decline of economic activity in the state; and to ensure the preservation, growth, and diversification of the tax base of the state. State bonds are

authorized to be issued and the proceeds of their sale are appropriated under the authority of the Minnesota Constitution, article XI, section 5, clause (h), and the proceeds must be applied in a manner consistent with this authority. In authorizing the financing of an agricultural-industrial facility, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purposes of developing the state's agricultural resources and fostering economic development within the state.

Sec. 2. [BOND ISSUE; SALE AUTHORIZATION.]

Subdivision 1. [GENERAL AUTHORIZATION; MAXIMUM PRINCIPAL AMOUNTS.] *The commissioner of finance may issue and sell bonds of the state in one or more series or issues for the purposes provided in this section in the aggregate principal amount of up to $5,000,000 under the bonding authority specified in Minnesota Statutes, section 41B.19, subdivision 1. Bonds issued under this subdivision, other than refunding bonds, must be counted against the bonding limit imposed under section 41B.19, subdivision 1. Bonds to refund the foregoing bonds may be issued in the aggregate principal amount of up to $5,000,000, as provided in section 4, subdivision 2. Unless the context otherwise clearly requires, the reference to bonds shall include refunding bonds. Proceeds of the bonds and investment income on the proceeds are appropriated for the purposes specified in this section and section 4, subdivision 2.*

Subd. 2. [LOAN, LEASE, AND REVENUE AGREEMENTS.] *The commissioner of finance may loan the proceeds of the bonds or enter into lease agreements or other revenue agreements for the financing of an agricultural-industrial facility located in the city of Detroit Lakes. The facility may be owned by or leased to and the loan or loans may be made to a public body or any other person, public or private. Any loan, or if no loan has been made, any lease for the facility must require payments which, if timely paid when due, will be sufficient to pay when due all principal, interest, and premium scheduled to be payable on the bonds or any refunding bonds, unless a default has occurred under the loan or lease or any prior loan or lease. Any lease may provide for an option of the lessee to purchase all or any part of the facility at any price which the commissioner of finance may approve. The commissioner may provide for servicing of the loans and agreements, the times they are payable and the amount of payments, the amount of the loans and agreements, their security, and other terms, conditions, and provisions necessary or convenient in connection with them. The commissioner may enter into all necessary contracts and security instruments. All property financed in whole or in part with sale proceeds of the bonds or investment income from the proceeds must be pledged as collateral for the loans made or bonds issued under this section so long as no default has occurred under a loan.*

Subd. 3. [NONPUBLIC DATA.] *Business plans, financial statements, customer lists, and market and feasibility studies submitted in connection with the provision of financial assistance are nonpublic data, as defined in Minnesota Statutes, section 13.02, subdivision 9. The commissioner may make the data accessible to any person, agency, or public entity if the commissioner determines that access is required under state or federal securities law. To the extent provided by an order of the commissioner of finance, the bonds shall be payable first from revenues derived from the loan of bond proceeds or the lease of the facility, or any other amounts provided for in section 5, subdivision 2.*

Subd. 4. [SECURITY.] *The bonds are directly secured by a pledge of the full faith, credit, and taxing power of the state and must be issued in accordance with the Minnesota Constitution, article XI, sections 4 to 7. Bonds issued under this section are not subject to Minnesota Statutes, section 16B.06.*

Subd. 5. [USE OF PROCEEDS.] *The proceeds of the bonds issued in a principal amount not to exceed $5,000,000 may be used to finance the costs of acquiring, renovating, improving, or equipping all or any portion of an agricultural-industrial facility for processing turkeys or other agricultural products, and facilities related and subordinate to the facility, located in the city of Detroit Lakes and any costs of issuance, reserves, credit enhancement, or an initial period of interest payments related to the bonds or the facility or working capital. The bond proceeds are appropriated to the commissioner for the purposes specified in this section. With the approval of the commissioner, the owner of the facility may place a mortgage or security interest lien on the facility or any interest in the facility. The mortgage is exempt from the mortgage registry tax imposed under Minnesota Statutes, chapter 287. In the event of a default under the loan, lease agreement, or other revenue agreement, the facility, or any part of the facility, may be leased or sold to another person for any lawful purpose, subject to the approval of the commissioner. The commissioner's approval is not required if the bond trustee has taken control of the facility as a result of a default.*

Sec. 3. [GENERAL POWERS.]

For the purpose of exercising the specific powers authorized under sections 1 to 14 and effectuating the other purposes of sections 1 to 14, the commissioner may:

(1) acquire, hold, pledge, assign, or dispose of real or personal property or any interest in property, including a mortgage or security interest in a facility described in section 2;

(2) enter into agreements, contracts, or other transactions with any federal or state agency or other governmental unit, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of sections 1 to 14;

(3) acquire real property, or an interest therein, by purchase or foreclosure;

(4) enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of any property financed in whole or in part by the proceeds of bonds or loans; and

(5) contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers, or others, upon terms the commissioner considers necessary or desirable, to assist in the exercise of any of the powers authorized under sections 1 to 14 and to carry out the objectives of sections 1 to 14 and may pay for the services from bond proceeds or otherwise available department money.

Sec. 4. [APPLICABLE LAWS; REFUNDING BONDS.]

Subdivision 1. [BONDS.] *Minnesota Statutes, sections 16A.631 to*

16A.675, do not apply to the bonds authorized under section 2, except as provided in an order of the commissioner of finance or indenture authorizing the bonds, and except that Minnesota Statutes, sections 16A.641, 16.672, and 16A.675, other than section 16A.641, subdivisions 4 and 5, shall apply.

Subd. 2. [REFUNDING OF BONDS.] *The commissioner from time to time may issue bonds for the purpose of refunding any bonds then outstanding, including the payment of any redemption premiums thereon, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the bonds to be refunded, to the redemption of such outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, payment, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under Minnesota Statutes, section 11A.24. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded, interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the general fund or, if applicable, the state bond fund, for use in any lawful manner.*

Subd. 3. [COMPLIANCE WITH FEDERAL LAW.] *The commissioner may covenant and agree with the holders of the bonds that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes. The bonds may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.*

Sec. 5. [AUTHORIZING ORDERS, TERMS, SALE, AND REVENUE SOURCES.]

Subdivision 1. [TERMS.] *The bonds must be authorized by an order or orders of the commissioner of finance, bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as the order or orders may provide, or as may be provided in any indenture or indentures of trust. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on any bonds is or becomes subject to federal income taxation, this shall not impair or affect the validity of the provisions made for the security of the bonds. The bonds may be sold at public or private sale at a price or prices determined by the commissioner. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the commissioner to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters or prevailing market conditions and practices.*

Subd. 2. [SOURCES OF REVENUES.] *The bonds and interest payable*

thereon are payable from the following sources and are irrevocably appropriated for that purpose, but only to the extent provided in the order of the commissioner of finance or indenture authorizing or securing the bonds:

(1) revenues of any nature derived from the ownership, lease, operation, sale, foreclosure, or refinancing of a facility described in section 2;

(2) repayments of any loans made under sections 1 to 14;

(3) proceeds of any bonds;

(4) amounts in any account authorized by section 11 or 13;

(5) amounts payable under any insurance policy, guaranty, letter of credit, or other instrument securing the bonds;

(6) any other revenues which the commissioner may pledge but excluding state appropriations unless the appropriation was specifically designated for that purpose; and

(7) investment income on any of the sources specified in clauses (1) to (6).

Sec. 6. [OPTIONAL ORDER AND CONTRACT PROVISIONS.]

Any order of the commissioner of finance authorizing any bonds or any issue of bonds or any indenture may contain provisions, which may be a part of the contract with the holders of the bonds, as to the matters referred to in this section.

(a) It may pledge or create a lien on money or property and any money held in trust or otherwise by others to secure the payment of the bonds or of any series or issue of bonds and interest thereon and of any sums due to the trustee under the indenture, and may grant different priorities in the lien for different series of bonds, subject to any agreements with bondholders which exist.

(b) It may provide for the custody, collection, securing, investment, and payment of money.

(c) It may set aside reserves or sinking funds and provide for their regulation and disposition and may create other special funds into which money may be deposited.

(d) It may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments thereon to secure the payment of the bonds or of any series or issue of bonds.

(e) It may limit the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.

(f) It may prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent to the amendment or abrogation, and the manner in which that consent may be given.

(g) It may vest in a trustee or trustees property, rights, powers, and duties in trust determined by the commissioner, which may include any or all of the rights, powers, and duties of the bondholders, or may limit the rights, powers, and duties of the trustee. It may make contracts with a trustee or trustees authorizing the trustee or trustees to invest in investments that may be invested in by the state board of investment under Minnesota Statutes,

section 11A.24, and apply, or dispose of and use money in any account.

(h) It may define the acts or omissions to act which constitute a default in the obligations and duties of the commissioner and may provide for the rights and remedies of the holders of bonds in the event of a default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of sections 1 to 14, which in any way affect the security or protection of the bonds and the rights of the bondholders.

(i) It may incur obligations under the indenture or under any paying agency, bond registrar agreement, or escrow agreement to pay the compensation and expenses of the trustee, paying agent, bond registrar, or escrow agent for the bonds and to pay any sums required to be rebated to the United States to comply with applicable tax laws; and a sum sufficient to satisfy these obligations is annually appropriated to the commissioner from the general fund to the extent other revenues available for that purpose are insufficient.

Sec. 7. [PLEDGES; VALIDITY.]

Any pledge made by the commissioner of finance is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner of finance, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded. Upon the finding of the commissioner of finance by order or in an indenture that all proceedings, actions, and events required for the valid issuance and sale of any issue of bonds have occurred, upon issuance all the proceedings, actions, or events shall be considered to have conclusively occurred at or prior to the issuance.

Sec. 8. [BONDS; NONLIABILITY OF INDIVIDUALS.]

The commissioner of finance and the commissioner's staff and any person executing the bonds are not personally liable on the bonds or subject to any personal liability or accountability by reason of their issuance.

Sec. 9. [BONDS; PURCHASE AND CANCELLATION.]

The commissioner of finance, subject to agreements with bondholders which may then exist, has power out of any funds available for the purpose to purchase bonds of the commissioner at a price not exceeding (a) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Sec. 10. [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner of finance to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest,

and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under sections 1 to 14.

Sec. 11. [FUNDS AND DEBT SERVICE ACCOUNTS.]

Subdivision 1. [FUNDS.] *The commissioner of finance or any trustee appointed by the commissioner under sections 1 to 14 shall establish and maintain an agricultural-industrial facilities fund for the facilities described in section 2. Except for amounts required by the commissioner to be deposited in a debt service account, proceeds of each issue of bonds authorized under section 2 must be deposited in a separate account, debt service reserve, or other account designated by the commissioner. Money in the account is appropriated to the commissioner. The commissioner or the owner of the facilities described in section 2 may withdraw proceeds of bonds for application to the appropriated purposes in the manner provided by order of the commissioner or in any indenture authorized by order of the commissioner. The commissioner may establish whatever accounts might be necessary to carry out the purposes of sections 1 to 14. All deposits into and disbursements from accounts for the purposes and from the sources of revenue authorized by sections 1 to 14 and provided in an order of the commissioner or an indenture or other agreement authorized by the commissioner are appropriated for that purpose.*

Subd. 2. [ACCOUNTS.] *The state treasurer or any trustee appointed by the commissioner of finance under sections 1 to 14 shall maintain permanently on official books and records debt service accounts separate from all other funds and accounts, to record all receipts and disbursements of money for principal and interest payments on each series of bonds. No later than the due date of each principal and interest payment on the bonds, the commissioner shall withdraw from the proceeds of the bonds, or from revenues on hand and available for the purpose, and shall deposit in the debt service accounts the amount, if any, required to be deposited in the account by the order of the commissioner or any indenture authorized by an order of the commissioner. All amounts in any debt service account are appropriated for the payment of principal, premiums, and interest for the bonds to which the account relates.*

Sec. 12. [POWERS AND DUTIES OF TRUSTEE.]

Subdivision 1. [GENERAL.] *The trustee, if any, designated in any indenture or order securing an issue of bonds may, in the trustee's own name, if so provided in the indenture or order:*

(1) enforce all rights of the bondholders, including the right to require the commissioner of finance to collect fees, charges, interest, and payments on leases, loans, or interests therein held by the commissioner and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, those fees, charges, and payments, and to require the commissioner to carry out any other agreements with the holders of the bonds and to perform the duties required under sections 1 to 14;

(2) bring suit upon the bonds;

(3) require the commissioner to account as if it were the trustee of any express trust for the holders of the bonds;

(4) enjoin any acts or things which may be unlawful or in violation of

the rights of holders of the bonds; or

(5) upon a default as defined in any bond, order, or indenture, declare all the bonds due and payable, enforce any remedy available under law, and if all defaults are made good, the trustee may annul the declaration and consequences.

Subd. 2. [ADDITIONAL POWERS.] *In addition to the powers in subdivision 1, the trustee has all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this section or incident to the general representation of bondholders in the enforcement and protection of their rights.*

Subd. 3. [VENUE.] *The venue of any action or proceedings brought by a trustee is in Ramsey county.*

Sec. 13. [DEBT SERVICE RESERVE ACCOUNT.]

Subdivision 1. [AUTHORITY.] *The commissioner of finance or a trustee appointed by the commissioner may create, maintain, and establish a special account or accounts for the security of one or more or all series of the bonds, which accounts are known as debt service reserve accounts. The commissioner may pay into each debt service reserve account:*

(1) any money appropriated by the state only for the purposes of that account;

(2) any proceeds of sale of bonds to the extent provided in the order or indenture authorizing their issuance;

(3) any money directed to be transferred by the commissioner to that debt service reserve account; and

(4) any other money made available to the commissioner for the purpose of that account from any other source.

Subd. 2. [USE OF MONEY.] *The money held in or credited to each debt service reserve account, except as provided in this section, must be used solely for the payment of the principal of bonds of the commissioner as the bonds mature or otherwise become due, the purchase of the bonds, the payment of interest on the bonds, the payment of any premium required when the bonds are redeemed before maturity, the payment of trustee or paying agency or registrar fees and expenses, the reimbursement of any advance made from another fund or account, or the payment of any rebate amounts owing to the United States government in accordance with any applicable covenant to comply with federal tax laws; provided, that money in a debt service reserve account may not be withdrawn at any time in an amount which would reduce the amount of the account to less than any amount which the commissioner determines to be reasonably necessary for the purposes of the account, except for the purpose of paying principal, premium, or interest due on bonds secured by the account, for the payment of which other money is not available.*

Subd. 3. [LIMITATION.] *If the commissioner creates a debt service reserve account for the security of any series of bonds, the commissioner may not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve accounts at the time of issuance does not equal or exceed the minimum amount, if any, required by the resolution creating that account, unless the commissioner deposits in each account at the time of issuance, from the proceeds of the bonds or otherwise, an amount*

which, together with the amount then in the account, will not be less than the minimum amount required.

Subd. 4. [EXCESS MONEY.] *To the extent consistent with the orders and indentures securing outstanding bonds, the commissioner may, at the close of any fiscal year, transfer to any other account from any debt service reserve account, any excess in that account over the amount considered by the commissioner to be reasonably necessary for the purpose of the account.*

Subd. 5. [CONSTRUCTION.] *Nothing in this section may be construed to limit the right of the commissioner to create and establish by order or indenture other accounts or security in addition to debt service reserve accounts which are necessary or desirable in connection with any bonds.*

Sec. 14. [CONSTRUCTION.]

Sections 1 to 14 are necessary for the welfare of the state of Minnesota and its inhabitants; therefore, they shall be liberally construed to effect their purpose.

Sec. 15. [DETROIT LAKES; FACILITIES.]

The commissioner of trade and economic development may assist the people of the city of Detroit Lakes to make economic use of agricultural-industrial facilities in the city. The commissioner may use all authority under existing law for this purpose. The commissioner may employ marketing analysts and other consultants as necessary."

Delete the title and insert:

"A bill for an act relating to the agricultural economy; authorizing the commissioner of finance to issue obligations to assist in the use of agricultural-industrial facilities in the city of Detroit Lakes."

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

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

S.F. No. 2205: A bill for an act relating to state land; authorizing private sale of certain land in Washington county; authorizing environmental cleanup of the land; authorizing alteration of marginal lands; designating the old Sibley county courthouse as an historical interpretive center; amending Minnesota Statutes 1990, section 138.56, by adding a subdivision.

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

Pages 4 and 5, delete section 4

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete everything after "lands" and insert a period

Page 1, delete lines 6 to 8

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

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

S.F. No. 2229: A bill for an act relating to children; providing for a recognition of parentage with the force and effect of a paternity adjudication; providing for preparation and distribution of a recognition form and educational materials for paternity; amending Minnesota Statutes 1990, sections 144.215, subdivision 3; 257.54; 257.541; 257.55, subdivision 1; 257.59, subdivision 1; 257.74, subdivision 1; and 518.156, subdivision 1; Minnesota Statutes 1991 Supplement, section 257.57, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 257.

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

Page 8, after line 32, insert:

"Sec. 10. [APPROPRIATION.]

$61,000 is appropriated from the general fund to the commissioner of human services for purposes of section 8, subdivisions 4 to 6, to be available for the fiscal year ending June 30, 1993."

Page 8, line 34, before the period, insert ", *except that section 8, subdivisions 4 to 6, and section 10 are effective July 1, 1992*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "appropriating money;"

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

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

S.F. No. 1894: A bill for an act relating to the environment; forgiving advances and loans made under a pilot litigation loan project relating to wastewater treatment.

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

Page 1, delete lines 7 to 13 and insert:

"*The city of Morton need not repay money advanced to the city under the municipal litigation loan pilot project established in Laws 1988, chapter 686, article 1, section 69.*"

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

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

S.F. No. 2428: A bill for an act relating to energy; requiring the use of energy-efficient lighting for highways, streets, and parking lots; establishing minimum energy efficiency standards for lamps, motors, showerheads, faucets, and replacement commercial heating, ventilating, and air conditioning equipment; requiring continuing education in energy efficiency standards in building codes for licensed building contractors, remodelers, and specialty contractors; authorizing rulemaking; amending Minnesota Statutes 1990,

section 216C.19, subdivisions 1, 13, and by adding subdivisions; and Minnesota Statutes 1991 Supplement, section 326.87, subdivision 1.

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

Page 1, line 29, after "*fixtures*" insert ", *excluding roadway sign lighting*,"

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

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

S.F. No. 1858: A bill for an act relating to waste management; requiring recycling of fluorescent lamps in state buildings; amending Minnesota Statutes 1990, section 16B.24, by adding a subdivision.

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

Page 1, line 11, delete "*rented*" and insert "*leased*"

Page 1, line 22, after "*1992*" insert ", *and applies to leases entered into or renewed after that date*"

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

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

S.F. No. 1866: A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to persons not otherwise liable who undertake and complete cleanup actions under an approved cleanup plan; providing for submission and approval of cleanup plans and supervision of cleanup by the commissioner of the pollution control agency; authorizing the commissioner of the pollution control agency to issue determinations or enter into agreements with property owners near the source of releases of hazardous substances regarding future cleanup liability; appropriating money; amending Minnesota Statutes 1990, section 115B.17, subdivision 14; proposing coding for new law in Minnesota Statutes, chapter 115B.

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

Page 3, line 27, delete "*with the title of*"

Page 3, delete line 28 and insert ", *or a memorandum approved by the commissioner that summarizes the agreement, with the county recorder or registrar of titles of the county where the property is located.*"

Page 7, line 16, delete " . . . . . " and insert "*seven*"

Page 7, line 20, delete "*$ . . . . . *" and insert "*$545,000*"

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

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

S.F. No. 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 bill be amended as follows:

Page 1, lines 21 and 23, delete "*funds*" and insert "*money*"

Page 2, lines 3 and 13, delete "*fund*" and insert "*account*"

Page 2, line 7, delete "*funds*" and insert "*contributions*"

Page 2, line 12, delete "FUND" and insert "ACCOUNT"

Page 2, line 15, delete the first "*funds*" and insert "*contributions*" and delete the second "*funds*" and insert "*receipts*"

Page 2, lines 18, 21, and 24, delete "*funds*" and insert "*money*"

Page 2, line 19, delete "*fund are*" and insert "*account is*"

Amend the title as follows:

Page 1, line 6, delete "fund" and insert "account"

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

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

S.F. No. 1958: A bill for an act relating to water; requiring criteria for water deficiency declarations; prohibiting the use of groundwater for surface water level maintenance; requiring review of water appropriation permits; requiring contingency planning for water shortages; changing water appropriation permit requirements; requiring changes to the metropolitan area water supply plan; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1990, sections 103G.101, subdivision 1; 103G.261; 103G.271, by adding subdivisions; 103G.281, subdivision 3, and by adding a subdivision; 115.03, subdivision 1; 473.175, subdivision 1; 473.851; 473.858, by adding a subdivision; and 473.859, subdivisions 3 and 4, and by adding a subdivision; Minnesota Statutes 1991 Supplement, section 473.156, subdivision 1.

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

Page 1, after line 18, insert:

"Section 1. Minnesota Statutes 1990, section 103G.005, is amended by adding a subdivision to read:

Subd. 11a. [METROPOLITAN AREA.] *"Metropolitan area" means the area comprised of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Page 3, line 14, after "*all*" insert "*municipal*"

Page 3, line 15, after "*permits*" insert "*in the metropolitan area*"

Page 3, after line 16, insert:

"*(3) develop a plan for reviewing permits outside the metropolitan area on a regular basis;*"

Page 3, line 17, delete "*(3)*" and insert "*(4)*"

Page 3, line 22, delete "*(4)*" and insert "*(5)*" and delete "*and implement*"

Page 3, line 24, delete "*(5)*" and insert "*(6)*"

Page 3, line 31, after "*existing*" insert "*municipal*" and after "*permits*" insert "*in the metropolitan area*"

Page 10, lines 12 to 20, delete the new language

Page 10, line 21, delete "*headwaters,*" and delete "*or contamination*"

Page 10, delete line 22 and insert:

"(3) recommend *long-term* approaches to resolving"

Page 14, line 24, delete everything after "*The*" and insert "*metropolitan council,*"

Page 14, line 25, after "*resources*" insert ", *and the commissioner of agriculture*"

Page 14, line 36, delete "*1 to 15*" and insert "*2 to 16*"

Page 15, line 3, delete "*9 to 15*" and insert "*10 to 16*"

Page 15, delete section 18

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete "appropriating money;"

Page 1, line 11, after "sections" insert "103G.005, by adding a subdivision;"

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

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

S.F. No. 2146: A bill for an act relating to once-through cooling systems; providing grants for retrofitting and conversion; amending Minnesota Statutes 1990, section 103G.271, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 103G.271, subdivision 6.

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

Page 3, line 19, after the stricken "50" insert "75" and reinstate the stricken "percent of the" and delete "*fees must be*" and strike "deposited in" and delete "*a*"

Page 3, lines 20 and 21, delete the new language and strike the old language

Page 3, line 22, strike "assistance as"

Page 3, lines 27 and 28, delete the new language and insert "*fees must be credited to a special account and are appropriated to the Minnesota*

public facilities authority for loans under section 446A.21"

Pages 3 and 4, delete section 2 and insert:

"Sec. 2. [446A.21] [ONCE-THROUGH COOLING CONVERSION LOANS.]

Subdivision 1. [BONDS AND NOTES.] *(a) The authority shall provide loans, including no interest loans, to public and private entities for the capital costs incurred for the replacement of once-through cooling systems with environmentally acceptable cooling systems.*

(b) The authority may issue its bonds and notes in the manner provided under sections 446A.12 to 446A.20 to provide money needed for the purposes of this section over and above the amount appropriated to it for these purposes. The principal amount of bonds and notes issued and outstanding under this section may not exceed $40,000,000 at any time. The bonds and notes issued to make loans under this section are not general obligation bonds. Section 446A.15, subdivision 6, does not apply to the bonds and notes. The bonding authority authorized under this section is in addition to the bonding authority authorized under section 446A.12, subdivision 1, and the limitation on the amount of bonding authority imposed under section 446A.12, subdivision 1, does not apply to the bonds issued under this section. The legislature intends not to appropriate money from the general fund to pay for these bonds.

(c) Money appropriated to the authority and money provided under section 446A.04, subdivision 3, for once-through cooling conversion may be used by the authority for debt service on bonds and notes, purchasing insurance, subsidizing below market interest rates, and providing loans under this section.

Subd. 2. [ADMINISTRATION.] *(a) An entity may apply to the authority for a loan. Within ten days of receipt, the authority shall submit the application to the commissioner of public service to determine whether the proposed cooling system meets the energy efficiency criteria of the department. The commissioner of public service shall certify to the authority whether the project meets the applicable energy efficiency criteria. The commissioner of public service shall adopt rules establishing energy efficiency criteria for replacement cooling systems.*

(b) Within the limitation of available funds, the authority may award a loan to a certified entity if the authority determines that the entity has demonstrated the ability to repay the loan under the terms negotiated under subdivision 3.

(c) The authority shall give priority to nonprofit organizations and school districts in making loans.

Subd. 3. [LOAN CONDITIONS.] *A loan made under this section may be made for up to 100 percent of the cost of once-through cooling system replacement for which the entity is liable. A loan may be made at or below market interest rates and at a term not to exceed 20 years.*

Subd. 4. [LOAN PAYMENTS.] *Loan repayments of principal and interest received by the authority are appropriated to the authority to make new loans."*

Amend the title as follows:

Page 1, lines 2 and 3, delete "providing grants for retrofitting and conversion" and insert "authorizing the Minnesota public facilities authority to issue bonds and make loans for the replacement of once-through cooling systems"

Page 1, delete line 4

Page 1, line 5, delete "subdivision;"

Page 1, line 6, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 446A"

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

H.F. No. 2848 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.
2848	2505				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2848 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2848 and insert the language after the enacting clause of S.F. No. 2505, the second engrossment; further, delete the title of H.F. No. 2848 and insert the title of S.F. No. 2505, the second engrossment.

And when so amended H.F. No. 2848 will be identical to S.F. No. 2505, and further recommends that H.F. No. 2848 be given its second reading and substituted for S.F. No. 2505, 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. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 897: 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.

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

Page 11, line 3, delete "*$150*" and insert "*$125*"

Page 11, line 24, delete everything after "*charge*"

Page 11, line 25, delete everything before the period

Pages 22 and 23, delete section 22

Page 26, after line 25, insert:

"*(a) $23,000 is appropriated from the trunk highway fund to the commissioner of public safety for the purposes of sections 2 and 25.*

(b) $22,000 is appropriated from the general fund to the supreme court administrator for the purposes of section 15."

Page 26, line 26, delete "$ . . . . . " and insert "*(c) $500,000*"

Page 26, line 34, before "*Sections*" insert "*Sections 13, 18, 19, and 28 are effective July 1, 1992.*" and before "*27*" insert "*12, 14 to 17, and 20 to*"

Renumber the sections of article 1 in sequence

Page 48, line 11, delete "*or*"

Page 52, line 3, after the semicolon, insert "*and*"

Amend the title as follows:

Page 1, lines 24 and 25, delete "171.29, subdivision 2;"

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1648, 2205, 2229, 1894, 2428, 1858, 1866, 2692, 1958, 2146 and 897 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 2848 was read the second time.

MOTIONS AND RESOLUTIONS

Mr. Merriam introduced—

Senate Concurrent Resolution No. 11: A Senate concurrent resolution urging certain committees of the Senate and the House of Representatives to conduct an evaluation of funding for community action agency programs.

WHEREAS, 41 community action agencies, which were launched by the Economic Opportunity Act of 1964, have helped thousands of Minnesotans exit poverty; and

WHEREAS, community action agencies provide a broad range of self-sufficiency economic opportunity programs that target seniors, the working poor, Head Start parents, newly unemployed, dislocated workers, and those on public assistance not eligible for STRIDE; and

WHEREAS, 55 percent of funding for these core community action agency programs (at least $5 million each year) will be lost by September 30, 1993, because of congressional action to eliminate transfer funds from the low-income home and energy assistance program to the community services block grant program; and

WHEREAS, the loss of these transfer funds will eliminate necessary self-sufficiency economic opportunity programs and will in some areas close community action agencies; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring, that the House and Senate Human Services and Tax Committees and the Human Resources Divisions of the House Appropriations and Senate Finance Committees evaluate the funding problem, include the Commissioners of Finance and Jobs and Training in the process, and recommend long-term solutions to the legislature by January 15, 1993.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and those of the Chair of the Senate Rules and Administration Committee, the Speaker of the House of Representatives, and the Chief Clerk of the House of Representatives, and transmit it to the chairs of the House and Senate Human Services and Tax Committees and the Human Resources Divisions of the House Appropriations and Senate Finance Committees.

Mr. Merriam moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

SUSPENSION OF RULES

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

CALENDAR

S.F. No. 2376: A bill for an act relating to game and fish; management of aquatic vegetation and ginseng; rules for stamp design contests; deer license fees for residents under age 16 and for licenses to take a second deer; use of live ammunition in dog training; red or blaze orange hunting clothing; nonresident rough fish taking; raccoon seasons; dark house and fish house licenses on certain boundary waters; and muskie size limits; providing for agricultural crop protection assistance; authorizing advance of matching funds; appropriating money; amending Minnesota Statutes 1990, sections 84.091, subdivisions 1 and 3; 97A.045, subdivision 7; 97A.441, by adding a subdivision; 97B.005, subdivisions 2 and 3; 97B.071; 97B.301, subdivision 4; 97B.621, subdivision 1; 97C.355, subdivision 2; 97C.375; and 97C.405; Minnesota Statutes 1991 Supplement, sections 84.085, by adding a subdivision; 84.091, subdivision 2; and 97A.475, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter

97A.

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 57 and nays 2, as follows:

Those who voted in the affirmative were:

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

Messrs. Dicklich and Johnson, D.J. voted in the negative.

So the bill passed and its title was agreed to.

H.F. No. 1980: A bill for an act relating to insurance; regulating accidental death benefits; regulating the structure and functions of the Minnesota automobile insurance plan; amending Minnesota Statutes 1990, sections 61A.011, by adding a subdivision; 65B.01; 65B.02, subdivisions 1, 4, and 7; 65B.03, subdivision 1; 65B.04, subdivisions 3 and 4; 65B.05; 65B.06; 65B.07, subdivision 4; 65B.08, subdivisions 1 and 2; 65B.09; 65B.10; and 65B.12, subdivision 1; repealing Minnesota Statutes 1990, sections 65B.04, subdivisions 1 and 2; and 65B.07, subdivision 2.

With the unanimous consent of the Senate, Mr. Luther moved to amend the Luther amendment to H.F. No. 1980, adopted by the Senate April 13, 1992, as follows:

Page 1, lines 9 and 10, delete "*Notwithstanding any other law to the contrary,*"

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

H.F. No. 1980 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

H.F. No. 2115: A bill for an act relating to partition fences; providing for apportionment of cost of a partition fence; amending Minnesota Statutes 1990, sections 344.03, subdivision 1; and 344.06; proposing coding for new law in Minnesota Statutes, chapter 344.

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 51 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Johnson, D.E.	Metzen	Sams
Beckman	Dicklich	Johnson, D.J.	Moe, R.D.	Solon
Belanger	Finn	Johnson, J.B.	Mondale	Spear
Benson, J.E.	Flynn	Knaak	Pappas	Terwilliger
Berg	Frank	Laidig	Pariseau	Traub
Berglin	Frederickson, D.J.	Langseth	Piper	Vickerman
Bernhagen	Frederickson, D.R.	Larson	Pogemiller	Waldorf
Bertram	Gustafson	Lessard	Price	
Brataas	Halberg	Luther	Ranum	
Cohen	Hottinger	McGowan	Renneke	
Day	Hughes	Mehrkens	Riveness	

Those who voted in the negative were:

Benson, D.D.	Johnston	Kroening	Morse	Stumpf
Davis				

So the bill passed and its title was agreed to.

H.F. No. 1957: A bill for an act relating to elected officials; restricting compensation for local elected officials; providing for terms for Cook county hospital district board members; amending Minnesota Statutes 1990, section 43A.17, by adding a subdivision; and Laws 1989, chapter 211, section 8, subdivision 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 2418: A bill for an act relating to retirement; St. Paul police relief association; validating a change in the date on which personal and benefit payments are made.

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

So the bill passed and its title was agreed to.

H.F. No. 2435: A bill for an act relating to the department of employee relations; public employment; removing a committee's expiration date; modifying retirement program options; expanding a bidding requirement exemption; amending Minnesota Statutes 1990, section 43A.316, subdivisions 4, 6, and 10; Minnesota Statutes 1991 Supplement, section 43A.316, subdivision 8; repealing Laws 1990, chapter 589, article 2, section 3.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

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; stating the intent of the legislature; requiring a report; amending Minnesota Statutes 1990, section 473.39.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 2884: A bill for an act relating to bond allocation; changing procedures for allocating bonding authority; amending Minnesota Statutes 1991 Supplement, sections 462A.073, subdivision 1; 474A.03, subdivision 4; 474A.04, subdivision 1a; 474A.061, subdivisions 1 and 3; and 474A.091, subdivisions 2 and 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

H.F. No. 2586: A bill for an act providing for a study of the civic and cultural functions of downtown Saint Paul.

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 58 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Berg voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 2432: A bill for an act relating to agriculture; regulating aquatic farming; protecting certain wildlife populations; amending Minnesota Statutes 1990, sections 97C.203; 97C.301, by adding a subdivision; 97C.345, subdivision 4; 97C.391; and 97C.505, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1990, sections 97A.475, subdivision 29a; and 97C.209.

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 56 and nays 4, as follows:

Those who voted in the affirmative were:

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

Messrs. Dicklich, Finn, Ms. Flynn and Mr. Johnson, D.J. voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1615: A bill for an act relating to game and fish; reducing deer license fees for residents under age 16 and for licenses to take a second deer; amending Minnesota Statutes 1990, section 97B.301, subdivision 4; Minnesota Statutes 1991 Supplement, section 97A.475, subdivision 2.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

S.F. No. 738: A bill for an act relating to public safety; requiring registration and payment of an annual fee to transport hazardous materials; authorizing the commissioner of transportation to adopt rules; requiring the commissioner of public safety to implement a state hazardous materials

incident response plan; appropriating money; amending Minnesota Statutes 1991 Supplement, section 115E.04, subidivision 2; proposing coding for new law in Minnesota Statutes, chapters 221; 299A; and 299K.

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
Belanger	Dicklich	Johnston	Merriam	Riveness
Benson, D.D.	Finn	Kelly	Metzen	Sams
Benson, J.E.	Flynn	Knaak	Mondale	Solon
Berg	Frank	Kroening	Morse	Spear
Berglin	Frederickson, D.J.	Laidig	Olson	Stumpf
Bernhagen	Frederickson, D.R.	Langseth	Pappas	Terwilliger
Bertram	Gustafson	Larson	Pariseau	Traub
Brataas	Halberg	Lessard	Piper	Vickerman
Cohen	Hughes	Luther	Pogemiller	Waldorf
Davis	Johnson, D.E.	Marty	Price	

So the bill passed and its title was agreed to.

H.F. No. 699: A bill for an act relating to retirement; judges retirement fund; eliminating the offset for a portion of social security benefits; amending Minnesota Statutes 1991 Supplement, section 490.123, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 355; repealing Minnesota Statutes 1990, section 490.129.

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 44 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, D.E.	McGowan	Renneke
Beckman	Finn	Johnson, J.B.	Moe, R.D.	Sams
Benson, D.D.	Flynn	Kelly	Morse	Solon
Benson, J.E.	Frank	Kroening	Pappas	Spear
Berg	Frederickson, D.J.	Laidig	Pariseau	Stumpf
Berglin	Frederickson, D.R.	Langseth	Piper	Terwilliger
Bernhagen	Gustafson	Larson	Pogemiller	Traub
Bertram	Hottinger	Lessard	Price	Waldorf
Brataas	Hughes	Luther	Ranum	

Those who voted in the negative were:

Belanger	DeCramer	Johnston	Merriam	Riveness
Cohen	Dicklich	Knaak	Metzen	Vickerman
Davis	Johnson, D.J.	Mehrkens	Olson	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

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 S.F. No. 2229 and that the rules of the Senate be so far suspended as to give S.F. No. 2229, now on General Orders, its third reading and place it

on its final passage. The motion prevailed.

S.F. No. 2229: A bill for an act relating to children; providing for a recognition of parentage with the force and effect of a paternity adjudication; providing for preparation and distribution of a recognition form and educational materials for paternity; appropriating money; amending Minnesota Statutes 1990, sections 144.215, subdivision 3; 257.54; 257.541; 257.55, subdivision 1; 257.59, subdivision 1; 257.74, subdivision 1; and 518.156, subdivision 1; Minnesota Statutes 1991 Supplement, section 257.57, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 257.

Mr. Spear moved that S.F. No. 2229 be laid on the table. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Spear moved that the following members be excused for a Conference Committee on H.F. No. 1849 at 2:00 p.m.:

Messrs. Kelly, Marty, McGowan, Spear and Ms. Ranum. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Merriam moved that the following members be excused for a Conference Committee on H.F. No. 1903 at 2:30 p.m.:

Messrs. Johnson, D.E.; Merriam; Morse; Stumpf and Vickerman. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

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

GENERAL ORDERS

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

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

S.F. Nos. 2451 and 850, which the committee recommends to pass.

H.F. No. 2269, which the committee recommends to pass, subject to the following motions:

Mr. Riveness moved to amend H.F. No. 2269, as amended pursuant to Rule 49, adopted by the Senate April 10, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2271.)

Page 1, line 25, delete "*for*"

Page 1, delete line 26

Page 2, delete lines 1 and 2

Page 2, line 3, delete "*east, (3)*"

The motion prevailed. So the amendment was adopted.

Mrs. Pariseau moved to amend H.F. No. 2269, as amended pursuant to Rule 49, adopted by the Senate April 10, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2271.)

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1990, section 473.155, subdivision 3, is amended to read:

Subd. 3. [SEARCH AREA.] By January 1, 1992, the council, in consultation with the airports commission, shall designate a search area for a major new airport. *Before designating a final airport site, the council shall complete a study comparing the feasibility and cost of expanding the current airport with relocating and developing a new airport site.*

Sec. 2. Minnesota Statutes 1990, section 473.1551, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATE SEARCH AREAS PROTECTION.] (a) The provisions of this subdivision apply within areas designated by the metropolitan council as candidates for selection as a search area for a new major airport under section 473.155, subdivision 3. ~~The~~ *However, these provisions shall not apply until the council has completed the feasibility and cost study required in section 473.155, subdivision 3. Thereafter these* provisions *will* apply until the council has selected a search area under section 473.155, subdivision 3.

(b) All land within the candidate search areas not zoned for other use is zoned for use exclusively for agricultural purposes, except that a prior nonconforming use established with reference to any lot or parcel of land may be continued.

(c) A local government unit in the metropolitan area may not permit a change in zoning, a zoning variance, or a conditional use, including planned unit developments, that the local unit or the metropolitan council determines is inconsistent with the comprehensive plan for the local government unit adopted in accordance with sections 473.175 and 473.851 to 473.871, or any other authority. Before approving an application or proposal for a change in zoning, zoning variance, or conditional use, the local government unit shall submit the application or proposal to the metropolitan council for review and approval or disapproval. The council may disapprove the application or proposal only if the council determines that it is inconsistent with the comprehensive plan of the local unit.

(d) The council shall give notice to the metropolitan airports commission of all submittals under paragraph (c). The commission may comment to the council on any submittal.

(e) The council shall approve or disapprove a submittal within 90 days following receipt by the council, unless a time extension is mutually agreed to by the council and the submitting unit. The commission has 45 days after notification to comment. The council and the commission shall establish administrative procedures for expedited disposition of proposals or applications that do not warrant metropolitan review.

(f) If a candidate search area includes land within a local unit of government outside of the metropolitan area, the metropolitan council and the local unit may enter into an agreement for the joint exercise of powers necessary to determine whether a proposed change in zoning, zoning variance, or conditional use will be compatible with the development and operation of a major airport.

Sec. 3. Minnesota Statutes 1990, section 473.1551, subdivision 2, is amended to read:

Subd. 2. [SEARCH AREA PROTECTION.] (a) *The provisions of this subdivision shall not apply until the council has completed the feasibility and cost study required under section 473.155, subdivision 3. Thereafter* the provisions of this subdivision *will* apply within the search area for a new major airport selected by the council under section 473.155, subdivision 3. ~~The provisions~~, *and will continue to* apply until one year after the report to the legislature on long-range airport development required by section 473.618.

(b) Land zoned by subdivision 1, paragraph (b), continues to be zoned exclusively for agricultural purposes, unless a change is authorized under paragraphs (c) and (d).

(c) A local government unit in the metropolitan area may not permit a change in zoning, a zoning variance, or a conditional use, including planned unit developments, that the local unit determines is inconsistent either with the local unit's criteria for approving changes in land use or with the comprehensive plan of the local unit adopted in accordance with sections 473.175 and 473.851 to 473.871. The local unit may deny an application or proposal for a change in zoning, zoning variance, or conditional use under this paragraph without review by the metropolitan council. Before making a final decision to approve an application or proposal, the local unit shall submit it to the metropolitan council for review and approval or disapproval as provided in paragraph (d).

(d) The metropolitan council may disapprove an application or proposal submitted under paragraph (c) only if the council determines that it is inconsistent with the comprehensive plan of the local government unit adopted under sections 473.175 and 473.851 to 473.871, a metropolitan system plan as defined by section 473.852, subdivision 8, or the development and operation of a new major airport in the search area. A local government unit in the metropolitan area may not permit a change in zoning, a zoning variance, or a conditional use, including planned unit developments, that the metropolitan council has disapproved.

(e) A governmental agency or unit may not construct a public building or facility, including transportation, sewer, and park facilities, within the search area until it has submitted the plan for the building or facility to the metropolitan council for review and comment.

(f) The council shall give notice to the metropolitan airports commission of all submittals under this subdivision. The commission may comment to the council on any submittal.

(g) The council shall approve or disapprove a submittal within 90 days following receipt by the council, unless a time extension is mutually agreed to by the council and the submitting government agency or unit. The commission has 45 days after notification to comment. The council and the

commission shall establish administrative procedures for expedited disposition of proposals or applications that do not warrant metropolitan review."

Page 3, after line 3, insert:

"Sec. 7. [EFFECTIVE DATE.]

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 33, as follows:

Those who voted in the affirmative were:

Benson, D.D.	Gustafson	Knaak	Mehrkens	Price
Benson, J.E.	Halberg	Laidig	Metzen	Renneke
Bernhagen	Johnson, D.E.	Larson	Olson	Terwilliger
Dahl	Johnston	McGowan	Pariseau	

Those who voted in the negative were:

Adkins	Dicklich	Johnson, D.J.	Merriam	Ranum
Beckman	Finn	Johnson, J.B.	Moe, R.D.	Reichgott
Berg	Flynn	Kroening	Mondale	Riveness
Bertram	Frank	Langseth	Morse	Sams
Cohen	Frederickson, D.J.	Lessard	Novak	Vickerman
Davis	Hottinger	Luther	Pappas	
DeCramer	Hughes	Marty	Pogemiller	

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

Mr. Langseth moved to amend H.F. No. 2269, as amended pursuant to Rule 49, adopted by the Senate April 10, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2271.)

Page 2, line 11, delete "*25*" and insert "*20*"

Page 2, line 14, delete "*30*" and insert "*20*"

Page 2, line 17, delete "*35*" and insert "*20*"

Page 2, line 20, delete "*40*" and insert "*20*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 24, as follows:

Those who voted in the affirmative were:

Beckman	Davis	Halberg	Larson	Renneke
Benson, D.D.	Dicklich	Hughes	Lessard	Sams
Benson, J.E.	Finn	Johnson, J.B.	Mehrkens	Samuelson
Berg	Frank	Johnston	Metzen	Stumpf
Bernhagen	Frederickson, D.J.	Knaak	Moe, R.D.	Terwilliger
Bertram	Frederickson, D.R.	Laidig	Olson	Vickerman
Dahl	Gustafson	Langseth	Pariseau	

Those who voted in the negative were:

Adkins	Flynn	Luther	Novak	Riveness
Belanger	Hottinger	Marty	Pappas	Spear
Berglin	Johnson, D.J.	Merriam	Piper	Traub
Cohen	Kelly	Mondale	Price	Waldorf
DeCramer	Kroening	Morse	Ranum	

The motion prevailed. So the amendment was adopted.

S.F. No. 1015, which the committee recommends to pass with the following amendments offered by Messrs. Vickerman and Price:

Mr. Vickerman moved to amend S.F. No. 1015 as follows:

Page 8, after line 22, insert:

"Sec. 11. Minnesota Statutes 1990, section 169.01, is amended by adding a subdivision to read:

Subd. 77. [RECREATIONAL VEHICLE COMBINATION.] *"Recreational vehicle combination" means a combination of vehicles consisting of a pickup truck as defined in section 168.011, subdivision 29, attached by means of a fifth-wheel coupling to a camper-semitrailer which has hitched to it a trailer carrying a watercraft as defined in section 86B.005, subdivision 18. For purposes of this subdivision:*

(a) A "fifth-wheel coupling" is a coupling, approved by the commissioner of public safety, between a camper-semitrailer and a towing pickup truck in which a portion of the weight of the camper-semitrailer is carried over or forward of the rear axle of the towing pickup.

(b) A "camper-semitrailer" is a trailer, other than a manufactured home as defined in section 327B.01, subdivision 13, designed for human habitation and used for vacation or recreational purposes for limited periods."

Page 11, after line 1, insert:

"Sec. 15. Minnesota Statutes 1990, section 169.86, is amended by adding a subdivision to read:

Subd. 1b. [RECREATIONAL COMBINATION.] *The commissioner may issue a single trip permit or annual permit to permit the operation of a recreational vehicle combination on any highway in the state, except a highway where operation is prohibited by the permit. The permit must among other things require that:*

(1) the combination not consist of more than three vehicles;

(2) the towing rating of the pickup truck is at least equal to the combined gross weight of all vehicles being towed;

(3) the total length of the combination not exceed 59 feet, and the length of the camper-trailer in the combination does not exceed 26 feet;

(4) the operator of the combination is at least 18 years of age;

(5) the trailers in the combination are connected to the pickup truck and to each other in conformity with section 169.82; and

(6) the trailer carrying a watercraft meets all requirements of law.

The permit may not authorize the combination to be operated within Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington county on Mondays through Fridays between the hours of 6:30 to 9:30 a.m. and 3:30 to 6:30 p.m.

Sec. 16. Minnesota Statutes 1991 Supplement, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund.

Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) $15 for each single trip permit.

(b) *$3 for each single trip permit for a recreational vehicle combination.*

(c) $36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight, and dimension.

~~(c)~~ *(d)* $60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) refuse compactor vehicles that carry a gross weight up to but not in excess of 22,000 pounds on a single rear axle and not in excess of 38,000 pounds on a tandem rear axle;

(2) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(3) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3); and

(5) special pulpwood vehicles described in section 169.863.

(e) $15 for an annual permit for a recreational vehicle combination.

~~(d)~~ *(f)* $120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) mobile cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

(4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);

(5) double-deck buses;

(6) commercial boat hauling.

~~(e)~~ *(g)* For vehicles which have axle weights exceeding the weight limitations of section 169.825, an additional cost added to the fees listed above. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limitations on axles	Cost Per Mile For Each Group Of: Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0-2,000	.100	.040	.036
2,001-4,000	.124	.050	.044

4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

For a vehicle found to exceed the appropriate maximum permitted weight, a cost-per-mile fee of 22 cents per ton, or fraction of a ton, over the permitted maximum weight is imposed in addition to the normal permit fee. Miles must be calculated based on the distance already traveled in the state plus the distance from the point of detection to a transportation loading site or unloading site within the state or to the point of exit from the state.

~~(f)~~ *(h)* As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	$200
90,001 - 100,000	$300
100,001 - 110,000	$400
110,001 - 120,000	$500
120,001 - 130,000	$600
130,001 - 140,000	$700
140,001 - 145,000	$800

If the gross weight of the vehicle is more than 145,000 pounds the permit fee is determined under paragraph (e).

~~(g)~~ *(i)* For vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to $120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect."

Page 11, line 3, delete "*Section 1 is*" and insert "*Sections 1, 11, 15, and 16 are*"

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Price moved to amend S.F. No. 1015 as follows:

Page 1, after line 15, insert:

"Section 1. Minnesota Statutes 1990, section 103F.351, is amended by adding a subdivision to read:

Subd. 6. [SCENIC CORRIDOR.] *(a) A county state-aid highway that passes through or adjacent to and serves as a corridor to the lower St. Croix wild and scenic river district must be designated a natural preservation route under section 162.021. Design standards for the route must provide for the preservation to the greatest extent possible of the existing profile, alignment, recovery areas, and cross-section of the existing highway, and for minimizing the acquisition of real property for reconstruction.*

(b) A county may not reconstruct a route designated under paragraph (a) where the reconstruction project would (1) materially change the existing profile, alignment, recovery area, or cross-section of the existing highway, or (2) require the acquisition of any significant amount of real property, unless the project has been approved by the commissioner as provided in this subdivision. On receiving a request for approval of the project, the commissioner shall refer the request to the appropriate advisory committee established under section 162.021, subdivision 5, paragraph (b). The advisory committee shall, after holding at least one public hearing in the area affected by the project, consider the request and make a recommendation to the commissioner. Following receipt of the committee's recommendation, the commissioner shall issue an order approving or disapproving the project, or approving it with any modifications the commissioner determines will best preserve the highway's scenic, environmental, or historic characteristics. The county may not proceed with the reconstruction project except in conformity with the commissioner's order. In any administrative or judicial proceeding regarding the project, the party proposing the change has the burden of justifying the change, and, if the change is for a reason other than to preserve the scenic, historical, or environmental characteristics of the highway corridor, has the burden of showing that the reasons for the change clearly outweigh the applicable scenic, historical, or environmental considerations."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "designating a natural preservation route within the lower St. Croix wild and scenic river district in Washington county;"

Page 1, line 8, after "sections" insert "103F.351, by adding a subdivision;"

The motion prevailed. So the amendment was adopted.

H.F. No. 2147, which the committee recommends to pass with the following amendment offered by Mr. Dahl:

Amend H.F. No. 2147, as amended pursuant to Rule 49, adopted by the Senate April 13, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2042.)

Page 1, line 12, before "*A*" insert "*Subdivision 1.* [PROHIBITION.]"

Page 1, line 17, after "*facility*" insert "*other than a facility at which mercury is recovered for reuse or recycling*"

Page 1, line 19, after "*system*" insert ", *as defined in section 115.01, subdivision 8*"

Page 1, after line 19, insert:

"*Subd. 2.* [ENFORCEMENT.] *(a) A violation of subdivision 1 is subject to enforcement under section 115.071, except that section 115.071, subdivision 3, does not apply.*

(b) A violation of subdivision 1 is not subject to enforcement under section 116.072."

Page 2, line 6, delete "*required under federal law*" and insert ", *as defined in United States Code, title 42, section 11049,*"

Page 2, line 13, after "*system*" insert ", *as defined in section 115.01, subdivision 8*"

Page 2, line 23, delete "*that*" and insert "*of the presence of*" and delete "*is present*"

Page 2, line 24, delete everything after "*and*" and insert "*of the prohibition in section 1:*"

Page 2, delete lines 25 to 27

Page 2, line 30, delete the comma

Page 2, line 34, before "*When*" insert "*(a)*" and delete "*any one of the items*" and insert "*an item*"

Page 2, line 36, delete everything after "*ensure*" and insert "*compliance with section 1.*"

Page 3, delete lines 1 and 2

Page 3, line 3, before "*A*" insert "*(b)*"

Page 3, line 4, delete "*any of the items*" and insert "*an item*"

Page 3, lines 7 and 15, delete everything after "*managed*" and insert "*in compliance with section 1.*"

Page 3, delete line 8

Page 3, line 16, delete everything before "*A*"

Page 3, delete lines 22 and 23 and insert:

"*Subd. 7.* [BAN; TOYS OR GAMES.] *A person may not sell for resale or at retail in this state a toy or game that, excluding batteries, contains more than 0.025 percent mercury by weight. A retailer who violates this subdivision is subject only to a warning for the first offense. Until January 1, 1993, a retailer may sell stock that was in inventory as of August 1, 1992.*

Subd. 8. [ENFORCEMENT.] *(a) A violation of this section is subject to enforcement under section 115.071, except that section 115.071, subdivision 3, does not apply.*

(b) A violation of this section is not subject to enforcement under section 116.072."

Page 3, line 32, delete "*is*" and insert "*are reused,*" and after "*recycled*" insert a comma and delete "*prevented from*"

Page 3, line 33, delete "*placement*" and insert "*managed to ensure they are not placed*" and after "*or*" insert "*a*"

Page 3, line 34, delete "*systems*" and insert "*system, as defined in section 115.01, subdivision 8*"

The motion prevailed. So the amendment was adopted.

H.F. No. 2280, which the committee recommends to pass with the following amendments offered by Messrs. Gustafson and Dicklich:

Mr. Gustafson moved to amend H.F. No. 2280, as amended pursuant to Rule 49, adopted by the Senate April 10, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2193.)

Page 4, after line 13, insert:

"Sec. 4. [PRIVATE SALE OF TAX-FORFEITED LAND; SCARLETT.]

(a) Notwithstanding Minnesota Statutes, section 282.018, the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may convey by private sale the tax-forfeited land described in paragraph (c).

(b) The land described in paragraph (c) may be sold by private sale to Raymond Scarlett of 2015 Woodland Avenue, Duluth, Minnesota. The conveyance must be in a form approved by the attorney general for a consideration equal to the aggregate of delinquent taxes and assessments computed under Minnesota Statutes, section 282.251, together with any penalties, interest, and costs that accrued or would have accrued if the property had not forfeited to the state.

(c) The land that may be conveyed is located in St. Louis county, is designated as tax parcel 10-1830-330, and consists of Lot 7, Block 19, Glen Avon First Division, in the city of Duluth, Minnesota.

(d) Mr. Scarlett, by mistake, failed to pay the taxes. The county has determined that the property would be put to better use if returned to the former owner."

Page 4, line 14, delete "4" and insert "5"

Page 4, line 15, delete "*3*" and insert "*4*"

The motion prevailed. So the amendment was adopted.

Mr. Dicklich moved to amend H.F. No. 2280, as amended pursuant to Rule 49, adopted by the Senate April 10, 1992, as follows:

(The text of the amended House File is identical to S.F. No. 2193.)

Page 1, after line 4, insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 103F.535, subdivision 1, is amended to read:

Subdivision 1. [RESERVATION OF MARGINAL LAND AND WETLANDS.] (a) ~~Notwithstanding any other law,~~ Marginal land and wetlands are withdrawn from sale ~~by the state~~ *or exchange* unless ~~use of the marginal land or wetland is restricted by a conservation easement as provided in this section.~~

(1) notice of the existence of the nonforested marginal land or wetlands, in a form prescribed by the board of water and soil resources, is provided to prospective purchasers; and

(2) the deed contains a restrictive covenant, in a form prescribed by the board of water and soil resources, that precludes enrollment of the land in a state-funded program providing compensation for conservation of marginal land or wetlands.

(b) This section does not apply to transfers of land by the board of water and soil resources to correct errors in legal descriptions under section 103F.515, subdivision 8, or to transfers by the commissioner of natural resources for:

(1) land that is currently in nonagricultural commercial use if a ~~conservation easement~~ *restrictive covenant* would interfere with the commercial use;

(2) land in platted subdivisions;

(3) conveyances of land to correct errors in legal descriptions under section 84.0273;

(4) exchanges of nonagricultural land with the federal government, or exchanges of Class A, Class B, and Class C nonagricultural land with local units of government under sections 94.342, 94.343, 94.344, and 94.349;

(5) land transferred to political subdivisions for public purposes under sections 84.027, subdivision 10, and 94.10; and

(6) land not needed for trail purposes that is sold to adjacent property owners and lease holders under section 85.015, subdivision 1, paragraph (b).

(c) This section does not apply to transfers of land by the commissioner of administration or transportation or by the Minnesota housing finance agency, or to transfers of tax-forfeited land under chapter 282 if:

(1) the land is in platted subdivisions; or

(2) the conveyance is a transfer to correct errors in legal descriptions.

(d) This section does not apply to transfers of land by the commissioner of administration or by the Minnesota housing finance agency for:

(1) land that is currently in nonagricultural commercial use if a ~~conservation easement~~ *restrictive covenant* would interfere with the commercial use; or

(2) land transferred to political subdivisions for public purposes under sections 84.027, subdivision 10, and 94.10."

Page 4, after line 13, insert:

"Sec. 5. [SALE OF TAX-FORFEITED LAND IN CHISAGO COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, subdivision 1, Chisago county may sell the tax-forfeited land bordering public water described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be sold is located in the city of Lindstrom, Chisago county, and described as Lot 3, Sundbergs Beach.

(d) The county has determined that the county's land management interests would best be served if the land were sold as provided under this section.

Sec. 6. [PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.]

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may sell and convey to Tom Schlotec by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general for a consideration equal to the fair market value of the property.

(c) The property to be sold consists of approximately 100 acres, and is described as:

(1) the SE 1/4 of the SW 1/4 and the SW 1/4 of the SE 1/4 of section 2;

(2) the N 1/2 of the N 1/2 of the NE 1/4 of the NW 1/4 of section 11; and

(3) the N 1/2 of the N 1/2 of the NW 1/4 of the NE 1/4 of section 11;

all located in township 52 N of range 17 W in St. Louis county.

(d) The county finds that the property is suitable for use as an industrial demolition landfill and recycling center and that the property would be put to better use if returned to private ownership.

Sec. 7. [RELEASE AND ALTERATION OF CONSERVATION EASEMENTS.]

Conservation easements existing under Minnesota Statutes, section 103F.535, as of the effective date of this act may be altered, released, or terminated by the board of water and soil resources after consultation with the commissioners of agriculture and natural resources. The board may alter, release, or terminate a conservation easement only if the board determines that the public interest and general welfare are better served by the alteration, release, or termination.

Sec. 8. [REPEALER.]

Minnesota Statutes 1990, section 103F.535, subdivisions 2, 3, and 4, are repealed."

Page 4, line 15, delete "*3*" and insert "*8*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, before "authorizing" insert "relating to state lands; changing provisions relating to withdrawal of certain lands from sale or exchange;"

Page 1, line 3, delete "and" and after "Itasca" insert ", and Chisago" and before the period, insert "; amending Minnesota Statutes 1991 Supplement, section 103F.535, subdivision 1; repealing Minnesota Statutes 1990, section 103F.535, subdivisions 2, 3, and 4"

The motion prevailed. So the amendment was adopted.

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

RECESS

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2430, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2430: A bill for an act relating to the environment; adding sanctions and procedures relating to petroleum tank release consultants and contractors; amending Minnesota Statutes 1990, sections 115C.02, by adding subdivisions; 115C.03, by adding a subdivision; 116.48, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 115C.09, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 115C.

Senate File No. 2430 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1992

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1938: A bill for an act relating to landlords and tenants; providing for assignment to the county attorney of the landlord's right to evict for breach of the covenant not to sell drugs or permit their sale; clarifying the law on forfeiture of real estate interests related to contraband or controlled substance seizures; amending Minnesota Statutes 1990, sections 504.181, subdivision 2; and 609.5317, subdivision 1.

There has been appointed as such committee on the part of the House:

Dawkins, Pugh and Swenson.

Senate File No. 1938 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1992

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2728, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2728: A bill for an act relating to agriculture; establishing a state over-order premium milk price for dairy farmers for certain milk; proposing coding for new law in Minnesota Statutes, chapter 32A.

Senate File No. 2728 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1992

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2181:

H.F. No. 2181: A bill for an act relating to data practices; classifying government data; providing for access to and charges for patient's medical records; providing for the treatment of records of certain criminal convictions; altering the procedures of the pardon board and treatment of its records; providing criminal background checks of professional and volunteer child care providers; providing for subpoena powers of county attorneys; changing the time when an arrest warrant may be served; amending Minnesota Statutes 1990, sections 13.08, subdivision 1; 13.46, subdivision 7; 144.335, by adding subdivisions; 147.161, subdivision 3; 152.18, subdivision 1; 242.31; 270B.14, by adding a subdivision; 299C.11; 299C.13; 363.03, subdivision 1; 388.23, subdivision 1; 609.168; 626.14; and 638.02, subdivisions 2 and 4; Minnesota Statutes 1991 Supplement, sections 13.46, subdivision 2; 144.0525; 144.335, subdivisions 1 and 3a; 609.535, subdivision 6; 638.02, subdivision 3; 638.04; 638.05; and 638.06; proposing coding for new law in Minnesota Statutes, chapters 13; 144; 299C; 357; and 638; proposing coding for new law as Minnesota Statutes, chapter 13C.

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

Carruthers, Swenson and Pugh have been appointed as such committee on the part of the House.

House File No. 2181 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1992

Ms. Ranum moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2181, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1910:

H.F. No. 1910: A bill for an act relating to corporations; providing for the formation, organization, operation, taxation, management, and ownership of limited liability companies; prescribing the procedures for filing articles of organization; establishing the powers of a limited liability company; providing for the naming of a limited liability company; providing for the appointment of a resident agent for a limited liability company; establishing the relationship of the members of a limited liability company to each other and to third parties; permitting the merger of one or more limited liability companies with other domestic limited liability companies and domestic and foreign corporations; providing for the dissolution, winding up, and termination of a limited liability company; providing for foreign limited liability companies to do business in this state; defining certain terms; amending Minnesota Statutes 1990, sections 211B.15, subdivision 1; 290.01, by adding a subdivision; 302A.011, subdivision 19; 302A.115, subdivision 1; 302A.121, subdivision 2; 302A.601, by adding a subdivision; 308A.005, subdivision 6; 308A.121, subdivision 1; 317A.011, subdivision 16; 317A.115, subdivision 2; 319A.02, subdivision 5, and by adding a subdivision; 319A.03; 319A.05; 319A.06, subdivision 2; 319A.07; 319A.12, subdivisions 1a and 2; 319A.20; 322A.01; 322A.02; 333.001; 333.18, subdivision 2; 333.20, subdivision 2; and 333.21, subdivision 1; Minnesota Statutes 1991 Supplement, sections 290.06, subdivision 22; 302A.471, subdivision 1; and 500.24, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 322B.

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

Rest, Abrams and Hasskamp have been appointed as such committee on the part of the House.

House File No. 1910 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1992

Ms. Reichgott moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1910, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

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

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

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2113: Messrs. Cohen, Solon and Mehrkens.

S.F. No. 2111: Messrs. Solon, Knaak and Ms. Reichgott.

H.F. No. 2181: Ms. Ranum, Messrs. Neuville and Merriam.

S.F. No. 2499: Messrs. Davis, Solon and Chmielewski.

S.F. No. 2194: Ms. Reichgott, Messrs. Waldorf and Frederickson, D.R.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2107 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2107: A bill for an act relating to workers' compensation; providing for comprehensive reform; regulating benefits; providing for medical cost control; requiring improved safety measures; regulating attorneys; providing for more efficient administrative procedures; eliminating the second injury fund; regulating insurance; reforming the assigned risk plan; regulating fraud; imposing penalties; amending Minnesota Statutes 1990, sections 79.251, by adding subdivisions; 79.252, subdivisions 1 and 3; 176.011, subdivisions 3, 11a, and 18; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, and 3f; 176.102, subdivisions 1, 2, 4, 6, 9, and 11; 176.103, subdivisions 2, 3, and by adding a subdivision; 176.105, subdivision 1; 176.106, subdivision 6; 176.111, subdivision 18; 176.129, subdivision 10; 176.130, subdivisions 8 and 9; 176.135, subdivisions 1, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.138; 176.139, subdivision 2; 176.155, subdivision 1; 176.181, subdivision 3, and by adding a subdivision; 176.182; 176.183; 176.185, subdivision 5a; 176.194, subdivisions 4 and 5; 176.221, subdivisions 3 and 3a; 176.231, subdivision 10; 176.261; 176.421, subdivision 1; 176.461; 176.645, subdivisions 1 and 2; 176.83, subdivision 5, and by adding a subdivision; 176A.03, by adding a subdivision; 480B.01, subdivisions 1 and 10; 609.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 79; and 176; repealing Minnesota Statutes 1990, sections 176.131; 176.135, subdivision 3; and 176.136, subdivision 5.

Mr. Chmielewski moved to amend S.F. No. 2107 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

BENEFITS

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 3, is amended to read:

Subd. 3. [DAILY WAGE.] "Daily wage" means the daily wage of the employee in the employment engaged in at the time of injury but does not include tips and gratuities paid directly to an employee by a customer of the employer and not accounted for by the employee to the employer. If the amount of the daily wage received or to be received by the employee in the employment engaged in at the time of injury was irregular or difficult

to determine, or if the employment was part time, the daily wage shall be computed by dividing the total amount the employee actually earned in such employment in the last 26 weeks, by the total number of days in which the employee actually performed any of the duties of such employment, ~~provided further, that~~. *For the purpose of this computation, holiday pay and vacation pay and the days for which it is paid shall be included in the total amount actually earned and the total days actually performing duties, respectively.* In the case of the construction industry, mining industry, or other industry where the hours of work are affected by seasonal conditions, the weekly wage shall not be less than five times the daily wage. Where board or allowances other than tips and gratuities are made to an employee in addition to wages as a part of the wage contract they are deemed a part of earnings and computed at their value to the employee. In the case of persons performing services for municipal corporations in the case of emergency, then the normal working day shall be considered and computed as eight hours, and in cases where such services are performed gratis or without fixed compensation the daily wage of the person injured shall, for the purpose of calculating compensation payable under this chapter, be taken to be the usual going wage paid for similar services in municipalities where such services are performed by paid employees. If, at the time of injury, the employee was regularly employed by two or more employers, the employee's earnings in all such employments shall be included in the computation of daily wage.

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire including the following:

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of a person charged with or suspected of crime;

(4) a person requested or commanded to aid an officer in arresting or retaking a person who has escaped from lawful custody, or in executing legal process, in which cases, for purposes of calculating compensation under this chapter, the daily wage of the person shall be the prevailing wage for similar services performed by paid employees;

(5) a county assessor;

(6) an elected or appointed official of the state, or of a county, city, town, school district, or governmental subdivision in the state. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(7) an executive officer of a corporation, except those executive officers excluded by section 176.041;

(8) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioners of human services and corrections similar to those of officers and employees of the institutions,

and whose services have been accepted or contracted for by the commissioner of human services or corrections as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(9) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it. The daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed by paid employees;

(10) a voluntary uncompensated worker participating in a program established by a county welfare board. In the event of injury or death of the worker, the wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid in the county at the time of the injury or death for similar services performed by paid employees working a normal day and week;

(11) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089. The daily wage of the worker for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

(12) *a voluntary uncompensated worker in the building and construction industry who renders services for joint labor-management nonprofit community service projects. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;*

~~(12)~~ *(13)* a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

~~(13)~~ *(14)* a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138. The daily wage of the worker, for the purposes of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

~~(14)~~ *(15)* a voluntary uncompensated worker, other than a student, who renders services at the Minnesota state academy for the deaf or the Minnesota state academy for the blind, and whose services have been accepted or contracted for by the state board of education, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(15)~~ *(16)* a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner

of veterans affairs, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(16)~~ *(17)* a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

~~(17)~~ *(18)* students enrolled in and regularly attending the medical school of the University of Minnesota in the graduate school program or the postgraduate program. The students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits under this chapter;

~~(18)~~ *(19)* a faculty member of the University of Minnesota employed for an academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota;

~~(19)~~ *(20)* a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

~~(20)~~ *(21)* a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(21)~~ *(22)* a voluntary uncompensated worker rendering service directly to the pollution control agency. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

~~(22)~~ *(23)* a voluntary uncompensated worker while volunteering services as a first responder or as a member of a law enforcement assistance organization while acting under the supervision and authority of a political subdivision. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees.

If it is difficult to determine the daily wage as provided in this subdivision, the trier of fact may determine the wage upon which the compensation is payable.

Sec. 3. Minnesota Statutes 1990, section 176.011, subdivision 11a, is amended to read:

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

(1) less than $8,000; or

(2) less than the statewide average annual wage as described in subdivision 20 when the farm operation has total liability and medical payment coverage equal to $300,000 and $5,000, respectively, under a farm liability insurance policy, and the policy covers injuries to farm laborers.

(b) For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 4. Minnesota Statutes 1990, section 176.011, subdivision 18, is amended to read:

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

176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 5. Minnesota Statutes 1990, section 176.101, subdivision 1, is amended to read:

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

~~(1) provided that~~ *(b)* During the year commencing on October 1, ~~1979~~ *1992*, and each year thereafter, ~~commencing on October 1,~~ the maximum weekly compensation payable is *105 percent of* the statewide average weekly wage for the period ending December 31~~,~~ of the preceding year.

~~(2)~~ *(c)* The minimum weekly compensation ~~benefits for temporary total disability shall be not less than 50~~ *payable is 20* percent of the statewide average weekly wage *for the period ending December 31 of the preceding year* or the injured employee's actual weekly wage, whichever is less. ~~In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

(d) Subject to subdivisions 3a to 3u this compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be.

Sec. 6. Minnesota Statutes 1990, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] *(a)* In all cases of temporary partial disability the compensation shall be 66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition. This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to ~~a~~ *the* maximum ~~compensation equal to the statewide average weekly wage~~ *rate for temporary total compensation*.

(b) Except as provided under subdivision 3k, temporary partial compensation may be paid only while the employee is employed, earning less than the employee's weekly wage at the time of the injury, and the reduced wage the employee is able to earn in the employee's partially disabled condition is due to the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid for more than 260 weeks, or after 450 weeks after the date of injury, whichever occurs first.

(c) Temporary partial compensation must be reduced to the extent that the wage the employee is able to earn in the employee's partially disabled condition plus the temporary partial disability payment otherwise payable under this subdivision exceeds 500 percent of the statewide average weekly wage.

Sec. 7. Minnesota Statutes 1990, section 176.101, subdivision 6, is amended to read:

Subd. 6. [MINORS; *APPRENTICES.*] *(a)* If any employee entitled to the benefits of this chapter is ~~a minor or is~~ an apprentice of any age and sustains

a personal injury arising out of and in the course of employment resulting in permanent total or a compensable permanent partial disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for temporary total, temporary partial, a permanent total disability or economic recovery compensation shall be the ~~statewide average weekly wage~~ *maximum rate for temporary total disability under subdivision 1.*

(b) If any employee entitled to the benefits of this chapter is a minor and sustains a personal injury arising out of and in the course of employment resulting in permanent total disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for a permanent total disability shall be the maximum rate for temporary total disability under subdivision 1.

Sec. 8. Minnesota Statutes 1990, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; *COMPENSATION.*] *(a)* Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition the commissioner *or compensation judge* for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner *or compensation judge* determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner may award additional compensation in an amount ~~the commissioner determines is appropriate,~~ not to exceed the employee's request. This additional compensation shall cease at any time the commissioner *or compensation judge* determines the special circumstances are no longer present.

(b) If the employee is not employed during a retraining plan that has been specifically approved under this section, temporary total compensation is payable for up to 90 days after the end of the retraining plan; except that payment during the 90-day period is subject to cessation in accordance with section 176.101. If the employee is employed during the retraining plan but earning less than at the time of injury, temporary partial compensation is payable at the rate of 66-2/3 percent of the difference between the employee's weekly wage at the time of injury and the weekly wage the employee is able to earn in the employee's partially disabled condition, subject to the maximum rate for temporary total compensation. Temporary partial compensation is not subject to the 260-week or 450-week limitations provided by section 176.101, subdivision 2, during the retraining plan, but is subject to those limitations before and after the plan.

Sec. 9. Minnesota Statutes 1990, section 176.111, subdivision 18, is amended to read:

Subd. 18. [BURIAL EXPENSE.] In all cases where death results to an employee from a personal injury arising out of and in the course of employment, the employer shall pay the expense of burial, not exceeding in amount ~~$2,500~~ *$7,500.* In case any dispute arises as to the reasonable value of the services rendered in connection with the burial, its reasonable value shall be determined and approved by the commissioner, a compensation judge, or workers' compensation court of appeals, in cases upon appeal, before payment, after reasonable notice to interested parties as is required by the commissioner. If the deceased leaves no dependents, no compensation is payable, except as provided by this chapter.

Sec. 10. Minnesota Statutes 1990, section 176.132, subdivision 1, is amended to read:

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

(b) An employee who has suffered personal injury after October 1, 1983, *and before October 1, 1992*, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person *who has suffered personal injury on or after October 1, 1983, and before October 1, 1992*, who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

(c) An employee who has suffered a personal injury on or after October 1, 1992, and is permanently totally disabled as defined in section 176.101, subdivisions 4 and 5, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving permanent total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

Sec. 11. Minnesota Statutes 1990, section 176.179, is amended to read:

176.179 [~~PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH~~ *RECOVERY OF OVERPAYMENTS.*]

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division, a compensation judge, or court of appeals relative to a claim by an injured employee or the employee's survivors, and received in good faith by the employee or the employee's survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a full credit against future lump sum benefit entitlement and as a partial credit against future weekly benefits. The credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits, death benefits, or weekly payments of economic recovery or impairment compensation shall not exceed 20 percent of the amount that would otherwise be payable.

A credit may not be applied against medical expenses due or payable.

Where the commissioner or compensation judge determines that the mistaken compensation was not received in good faith, the commissioner or compensation judge may order reimbursement of the compensation. For purposes of this section, a payment is not received in good faith if it is obtained through fraud, or if the employee knew that the compensation was paid under mistake of fact or law, and the employee has not refunded the mistaken compensation.

Sec. 12. Minnesota Statutes 1990, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on *or after* October 1, 1977 ~~or thereafter~~, *but prior to October 1, 1992*, under this section shall exceed six percent a year~~.~~*;* in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be six percent. *No adjustment increase made on or after October 1, 1992, under this section shall exceed four percent a year; in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be four percent.*

Sec. 13. Minnesota Statutes 1990, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ *is* deferred until the first anniversary of the date of the injury. *For injuries occurring on or after October 1, 1992, the initial adjustment under subdivision 1 is deferred until the second anniversary of the date of the injury.*

Sec. 14. [EFFECTIVE DATE.]

Section 3 is effective January 1, 1993. The rest of the article is effective October 1, 1992.

ARTICLE 2

LEGAL AND JUDICIAL

Section 1. Minnesota Statutes 1990, section 176.081, subdivision 1, is amended to read:

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

of the next $27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause (b)~~ *paragraph (c)*.

(b) If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed *claims or* portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under section 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

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

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

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

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

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

Sec. 2. Minnesota Statutes 1990, section 176.081, subdivision 2, is amended to read:

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

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

Sec. 3. Minnesota Statutes 1990, section 176.081, subdivision 3, is amended to read:

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

Sec. 4. Minnesota Statutes 1990, section 176.105, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE; RULES.] *(a)* The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *Disability ratings under the schedule for permanent partial disability must be based on objective medical evidence. The commissioner, in consultation with the medical services review board, shall periodically review the rules adopted under this paragraph to determine whether any injuries omitted from the schedule should be included and amend the rules accordingly.*

(b) No permanent partial disability compensation shall be payable except in accordance with the disability ratings established under this subdivision, except as provided in paragraph (c). The schedule may provide that minor impairments receive a zero rating.

(c) If an injury for which there is objective medical evidence is not rated by the permanent partial disability schedule, the unrated injury must be assigned and compensated for at the rating for the most similar condition that is rated.

Sec. 5. [176.1311] [SECOND INJURY FUND DATA.]

No person shall, directly or indirectly, provide the names of persons who have registered a preexisting physical impairment under section 176.131 to an employer with the intent of assisting the employer to discriminate against those persons who have so registered with respect to hiring or other terms and conditions of employment.

A violation of this section is a gross misdemeanor.

Sec. 6. [176.178] [FRAUD.]

Any person who, with intent to defraud, receives workers' compensation

benefits to which the person is not entitled by knowingly misrepresenting, misstating, or failing to disclose any material fact is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3.

Sec. 7. [176.2615] [SMALL CLAIMS COURT.]

Subdivision 1. [PURPOSE.] *There is established in the department of labor and industry a small claims court, to be presided over by settlement judges for the purpose of settling small claims.*

Subd. 2. [ELIGIBILITY.] *The claim is eligible for determination in the small claims court if all parties agree to submit to its jurisdiction; and*

(1) the claim is for rehabilitation benefits only under section 176.102 or medical benefits only under section 176.135; or

(2) the claim in its total amount does not equal more than $5,000; or

(3) where the claim is for apportionment or for contribution or reimbursement, no counterclaim in excess of $5,000 is asserted.

Subd. 3. [TESTIMONY; EXHIBITS.] *At the hearing a settlement judge shall hear the testimony of the parties and consider any exhibits offered by them and may also hear any witnesses introduced by either party.*

Subd. 4. [APPEARANCE OF PARTIES.] *A party may appear on the party's own behalf without an attorney, or may retain and be represented by a duly admitted attorney who may participate in the hearing to the extent and in the manner that the settlement judge considers helpful. Attorney fees awarded under this subdivision are included in the overall limit allowed under section 176.081, subdivision 1.*

Subd. 5. [EVIDENCE ADMISSIBLE.] *At the hearing the settlement judge shall receive evidence admissible under the rules of evidence. In addition, in the interest of justice and summary determination of issues before the court, the settlement judge may receive, in the judge's discretion, evidence not otherwise admissible. The settlement judge, on the judge's own motion, may receive into evidence any documents which have been filed with the department.*

Subd. 6. [SETTLEMENT.] *A settlement judge may attempt to conciliate the parties. If the parties agree on a settlement, the judge shall issue an order in accordance with that settlement.*

Subd. 7. [DETERMINATION.] *If the parties do not agree to a settlement, the settlement judge shall summarily hear and determine the issues and issue an order in accordance with section 176.305, subdivision 1a. There is no appeal from the order. Any determination by a settlement judge may not be considered as evidence in any other proceeding and the issues decided are not res judicata in any other proceeding.*

Subd. 8. [COSTS.] *The prevailing party is entitled to costs and disbursements as in any other workers' compensation case.*

Sec. 8. [176.307] [COMPENSATION JUDGES; BLOCK SYSTEM.]

The chief administrative law judge must assign workers' compensation cases to compensation judges using a block system type of assignment that, among other things, ensures that a case will remain with the same judge from commencement to conclusion unless the judge is removed from the case by exercise of a legal right of a party or by incapacity. The block system must be the principal means of assigning cases, but it may be supplemented

by other systems of case assignment to ensure that cases are timely decided.

Sec. 9. [176.325] [CERTIFIED QUESTION.]

Subdivision 1. [WHEN CERTIFIED.] *The chief administrative law judge or commissioner may certify a question of workers' compensation law to the supreme court as important and doubtful under the following circumstances:*

(1) all parties to the case have stipulated in writing to the facts; and

(2) the issue to be resolved is a question of workers' compensation law that has not been resolved by the Minnesota supreme court.

Subd. 2. [EXPEDITED DECISION.] *It is the legislature's intent that the Minnesota supreme court resolve the certified question as expeditiously as possible, after compliance by the parties with any requirements of the Minnesota supreme court regarding submission of legal memoranda, oral argument, or other matters, and after the participation of amicus curiae, should the workers' compensation court of appeals or Minnesota supreme court consider such participation advisable.*

Subd. 3. [NOTICE.] *The commissioner or chief administrative law judge shall notify all persons who request to be notified of a certification under this section.*

Sec. 10. Minnesota Statutes 1990, section 176.421, subdivision 1, is amended to read:

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

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

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

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

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

Sec. 11. Minnesota Statutes 1990, section 176.461, is amended to read:

176.461 [SETTING ASIDE AWARD.]

Except when a writ of certiorari has been issued by the supreme court and the matter is still pending in that court or if as a matter of law the determination of the supreme court cannot be subsequently modified, the workers' compensation court of appeals, for cause, at any time after an award, upon application of either party and not less than five working days after written notice to all interested parties, may set the award aside and grant a new hearing and refer the matter for a determination on its merits to the chief administrative law judge for assignment to a compensation judge, who shall make findings of fact, conclusions of law, and an order of award or disallowance of compensation or other order based on the pleadings and the evidence produced and as required by the provisions of this chapter or rules adopted under it.

As used in this section, the phrase "for cause" is limited to the following:

(1) a mutual mistake of fact;

(2) newly discovered evidence;

(3) fraud; or

(4) a substantial change in medical condition since the time of the award that was clearly not anticipated and could not reasonably have been anticipated at the time of the award.

Sec. 12. Minnesota Statutes 1990, section 480B.01, subdivision 1, is amended to read:

Subdivision 1. [JUDICIAL VACANCIES.] If a judge of the district court *or workers' compensation court of appeals* dies, resigns, retires, or is removed during the judge's term of office, or if a new district *or workers' compensation court of appeals* judgeship is created, the resulting vacancy must be filled by the governor as provided in this section.

Sec. 13. Minnesota Statutes 1990, section 480B.01, subdivision 10, is amended to read:

Subd. 10. [NOTICE TO THE PUBLIC.] Upon receiving notice from the governor that a judicial vacancy has occurred or will occur on a specified date, the chair shall provide notice of the following information:

(1) the office that is or will be vacant;

(2) that applications from qualified persons or on behalf of qualified persons are being accepted by the commission;

(3) that application forms may be obtained from the governor or the commission at a named address; and

(4) that application forms must be returned to the commission by a named date.

For a district court vacancy, the notice must be made available to attorney associations in the judicial district where the vacancy has occurred or will occur and to at least one newspaper of general circulation in each county in the district. *For a workers' compensation court of appeals vacancy, the notice must be given to state attorney associations and all forms of the public media.*

Sec. 14. Minnesota Statutes 1990, section 609.52, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING THEFT.] Whoever does any of the following commits theft and may be sentenced as provided in subdivision 3:

(1) intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property; or

(2) having a legal interest in movable property, intentionally and without consent, takes the property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) obtains for the actor or another the possession, custody, or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(a) the issuance of a check, draft, or order for the payment of money, except a forged check as defined in section 609.631, or the delivery of property knowing that the actor is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(b) a promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

(c) the preparation or filing of a claim for reimbursement, a rate application, or a cost report used to establish a rate or claim for payment for medical care provided to a recipient of medical assistance under chapter 256B, which intentionally and falsely states the costs of or actual services provided by a vendor of medical care; or

(d) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 which intentionally and falsely states the costs of or actual treatment or supplies provided; or

(e) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 for treatment or supplies that the provider knew were medically unnecessary, inappropriate, or excessive; or

(4) by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person; or

(5) intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and:

(a) the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner; or

(b) the actor pledges or otherwise attempts to subject the property to an adverse claim; or

(c) the actor intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to the finder's own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to the owner; or

(7) intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to the actor's own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally and without claim of right converts

the same to the actor's own use or that of another person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to the defendant from a source other than the owner of the trade secret; or

(9) leases or rents personal property under a written instrument and who with intent to place the property beyond the control of the lessor conceals or aids or abets the concealment of the property or any part thereof, or any lessee of the property who sells, conveys, or encumbers the property or any part thereof without the written consent of the lessor, without informing the person to whom the lessee sells, conveys, or encumbers that the same is subject to such lease and with intent to deprive the lessor of possession thereof. Evidence that a lessee used a false or fictitious name or address in obtaining the property or fails or refuses to return the property to lessor within five days after written demand for the return has been served personally in the manner provided for service of process of a civil action or sent by certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to the person at the address for the person set forth in the lease or rental agreement, or, in the absence of the address, to the person's last known place of residence; or

(10) alters, removes, or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes, or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal, or obliteration; or

(11) with the intent to prevent the identification of property involved, so as to deprive the rightful owner of possession thereof, alters or removes any permanent serial number, permanent distinguishing number or manufacturer's identification number on personal property or possesses, sells or buys any personal property with knowledge that the permanent serial number, permanent distinguishing number or manufacturer's identification number has been removed or altered; or

(12) intentionally deprives another of a lawful charge for cable television service by:

(i) making or using or attempting to make or use an unauthorized external connection outside the individual dwelling unit whether physical, electrical, acoustical, inductive, or other connection, or by

(ii) attaching any unauthorized device to any cable, wire, microwave, or other component of a licensed cable communications system as defined in chapter 238. Nothing herein shall be construed to prohibit the electronic video rerecording of program material transmitted on the cable communications system by a subscriber for fair use as defined by Public Law Number 94-553, section 107; or

(13) except as provided in paragraphs (12) and (14), obtains the services of another with the intention of receiving those services without making the agreed or reasonably expected payment of money or other consideration; or

(14) intentionally deprives another of a lawful charge for telecommunications service by:

(i) making, using, or attempting to make or use an unauthorized connection whether physical, electrical, by wire, microwave, radio, or other means to a component of a local telecommunication system as provided in chapter 237; or

(ii) attaching an unauthorized device to a cable, wire, microwave, radio, or other component of a local telecommunication system as provided in chapter 237.

The existence of an unauthorized connection is prima facie evidence that the occupier of the premises:

(i) made or was aware of the connection; and

(ii) was aware that the connection was unauthorized; or

(15) with intent to defraud, diverts corporate property other than in accordance with general business purposes or for purposes other than those specified in the corporation's articles of incorporation; or

(16) with intent to defraud, authorizes or causes a corporation to make a distribution in violation of section 302A.551, or any other state law in conformity with it; or

(17) intentionally takes or drives a motor vehicle without the consent of the owner or an authorized agent of the owner.

Sec. 15. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF CHIEF ADMINISTRATIVE LAW JUDGE.]

The chief administrative law judge shall reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours, and nearly all of the hearings in less than one day. Before January 1, 1993, the chief administrative law judge shall report to the legislature on the success in meeting these goals, including any recommendations for legislation needed to achieve these goals.

Sec. 16. [EFFECTIVE DATE.]

Section 4 is effective the day following final enactment. The rest of the article is effective July 1, 1992.

ARTICLE 3

ADMINISTRATIVE, SAFETY, INSURANCE

Section 1. [79.081] [MANDATORY DEDUCTIBLES.]

Subdivision 1. [PREMIUM REDUCTION.] *Each insurer, including the assigned risk plan, issuing a policy of insurance, must make available to an employer, upon request, the option to agree to pay an amount per claim selected by the employer and specified in the policy toward the total of any claim payable under chapter 176. The amount of premium to be paid by an employer who selects a policy with a deductible shall be reduced based upon a rating schedule or rating plan filed with and approved by the commissioner of commerce. Administration of claims shall remain with the insurer as provided in the terms and conditions of the policy. Each insurer shall notify its agents authorized to write workers' compensation insurance about the availability and terms and conditions of deductibles required by*

this section, using a brochure in a format approved by the commissioner.

Subd. 2. [PROCEDURE FOR PAYING DEDUCTIBLE.] *If an insured employer chooses a deductible, the insured employer is liable for the amount of the deductible. The insurer shall administer the claim as provided in the terms and conditions of the insurance policy and seek reimbursement from the insured employer for the deductible. The payment or nonpayment of deductible amounts by the insured employer to the insurer shall be treated under the policy insuring the liability for workers' compensation in the same manner as payment or nonpayment of premiums.*

Subd. 3. [CREDIT RISK; EXCEPTION.] *An insurer is not required to offer a deductible to an employer if, as a result of a credit investigation, the insurer determines that the employer is not sufficiently financially stable to be responsible for the payment of deductible amounts.*

Subd. 4. [REPORTING REQUIREMENT.] *The existence of an insurance contract with a deductible or the fact of payment as a result of a deductible does not affect the requirement of an employer to report an injury or death to an insurer or the commissioner of labor and industry.*

Subd. 5. [NO EMPLOYEE LIABILITY.] *Nothing in this section alters the obligation of the employer to provide the benefits required by this chapter. An employee is not responsible to pay all or a part of the deductible chosen by an employer.*

Sec. 2. [79.085] [SAFETY PROGRAMS.]

All insurers shall provide safety programs that include safety consultations for insureds.

Sec. 3. [79.096] [ACCESS TO RATE MAKING DATA.]

The rating association must make available for inspection on request of any person any data it possesses related to the calculation of indicated pure premium rates.

Sec. 4. Minnesota Statutes 1990, section 79.251, is amended by adding a subdivision to read:

Subd. 4a. [MEDICAL COST CONTAINMENT.] *The assigned risk plan must consider utilizing managed care plans certified under section 176.1351 with respect to its covered employees. In addition, the assigned risk plan must implement a medical cost containment program. The program must, at a minimum, include:*

(1) billings review to determine if claims are compensable under chapter 176;

(2) utilization of cost management specialists familiar with billing practice guidelines;

(3) review of treatment to determine if it is reasonable and necessary and has a reasonable chance to cure and relieve the employee's injury;

(4) a system to reduce billed charges to the maximum permitted by law or rule;

(5) review of medical care utilization; and

(6) reporting of health care providers suspected of providing unnecessary, inappropriate, or excessive services to the commissioner of labor and industry.

Sec. 5. Minnesota Statutes 1990, section 79.251, is amended by adding a subdivision to read:

Subd. 4b. [GROUPS.] *The assigned risk plan must create a program that attempts to group employers in the same or similar risk classification for purposes of group premium underwriting and claims management. The assigned risk plan must engage in extensive safety consultation with group members to reduce the extent and severity of injuries of group members. The consultation should include on-site inspections and specific recommendations as to safety improvements.*

Sec. 6. Minnesota Statutes 1990, section 79.252, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the assigned risk plan is to provide workers' compensation coverage to employers rejected by a *two nonaffiliated* licensed insurance ~~company~~ *companies*, pursuant to subdivision 2. *Each rejection must be in writing and must be obtained within 60 days before the date of application to the assigned risk plan. In addition, the rejections must also show the name of the insurance company and the representative contacted.*

Sec. 7. Minnesota Statutes 1990, section 79.252, subdivision 3, is amended to read:

Subd. 3. [COVERAGE.] *(a)* Policies and contracts of coverage issued pursuant to section 79.251, subdivision 4, shall contain the usual and customary provisions of workers' compensation insurance policies, and shall be deemed to meet the mandatory workers' compensation insurance requirements of section 176.181, subdivision 2.

(b) Policies issued by the assigned risk plan pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The assigned risk plan review board may apply for and obtain any licensure required in any other state to issue that coverage.

Sec. 8. [79.253] [ASSIGNED RISK SAFETY ACCOUNT.]

Subdivision 1. [CREATION OF ACCOUNT.] *There is created the assigned risk safety account as a separate account in the special compensation fund in the state treasury. Income earned by funds in the account must be credited to the account. Principal and income of the account are annually appropriated to the commissioner of labor and industry and must be used for grants and loans under this section.*

Subd. 2. [USE OF FUNDS; SAFETY ASSESSMENTS.] *The assigned risk plan shall, through persons under contract with the plan, perform on-site surveys of employers insured by the assigned risk plan and recommend practices and equipment to employers designed to reduce the risk of injury to employees. The recommendations may include that the employer form a joint labor-management safety committee. The plan shall generally survey employers in the following priority:*

(1) employers with poor safety records for their industry based on their premium modification factor or other factors;

(2) employers whose workers' compensation premium classification assigned to the greatest portion of the payroll for the employer has a premium rate in the top 25 percent of premium rates for all classes; and

(3) all other employers.

Subd. 3. [INCENTIVES AND PENALTIES.] *The assigned risk plan shall develop a premium rating system subject to approval by the commissioner of commerce that provides a reduction in premium rates for employers that follow safety recommendations made under this section and an increase in rates for employers that do not. The system must be sensitive to the economic ability of an employer to implement particular recommendations.*

Subd. 4. [GRANTS AND LOANS.] *The commissioner of labor and industry may make grants or loans to employers for the cost of implementing safety recommendations made under this section.*

Subd. 5. [RULES.] *The commissioner of labor and industry may adopt rules necessary to implement this section.*

Sec. 9. [79.255] [WORKERS' COMPENSATION INSURANCE; LESSORS OF EMPLOYEES.]

Subdivision 1. [REGISTRATION REQUIRED.] *A corporation, partnership, sole proprietorship, or other business entity which provides staff, personnel, or employees to be employed in this state to other businesses pursuant to a lease arrangement or agreement shall, before becoming eligible to be issued a policy of workers' compensation insurance or becoming eligible to secure coverage on a multiple coordinated policies basis, register with the commissioner of commerce. The registration shall:*

(1) identify the name of the lessor;

(2) identify the address of the principal place of business of the lessor and the address of each office it maintains within this state;

(3) include the lessor's taxpayer or employer identification number;

(4) include a list by jurisdiction of each and every name that the lessor has operated under in the preceding five years including any alternative names and names of predecessors and, if known, successor business entities;

(5) include a list of each person or entity who owns a five percent or greater interest in the employee leasing business at the time of application and a list of each person who formerly owned a five percent or greater interest in the employee leasing company or its predecessors, successors, or alter egos in the preceding five years; and

(6) include a list of each and every cancellation or nonrenewal of workers' compensation insurance which has been issued to the lessor or any predecessor in the preceding five years. The list shall include the policy or certificate number, name of insurer or other provider of coverage, date of cancellation, and reason for cancellation. If coverage has not been canceled or nonrenewed, the registration shall include a sworn affidavit signed by the chief executive officer of the lessor attesting to that fact.

Subd. 2. [INELIGIBILITY TO REGISTER.] *Any lessor of employees whose workers' compensation insurance has been terminated within the past five years in any jurisdiction due to a determination that an employee leasing arrangement was being utilized to avoid premium otherwise payable by lessees shall be ineligible to register with the commissioner or to remain registered, if previously registered.*

Subd. 3. [NOTICE OF CHANGE.] *Persons filing registration statements pursuant to this section shall notify the commissioner as to any changes in*

any information required to be provided under this section.

Subd. 4. [LIST MAINTAINED.] *The commissioner shall maintain a list of those lessors of employees who are registered with the commissioner.*

Subd. 5. [FORMS OF REGISTRATION.] *The commissioner may prescribe forms necessary to promote the efficient administration of this section.*

Subd. 6. [ADVERTISING PROHIBITION.] *No organization registered under this section shall directly or indirectly reference that registration in any advertisements, marketing material, or publications.*

Subd. 7. [CRIMINAL PENALTIES.] *Any corporation, partnership, sole proprietorship, or other form of business entity and any officer, director, general partner, agent, representative, or employee of theirs who knowingly utilizes or participates in any employee leasing agreement, arrangement, or mechanism for the purpose of depriving one or more insurers of premium otherwise properly payable is guilty of a misdemeanor.*

Subd. 8. [APPLICATION OF SECTION.] *Any lessor of employees that was doing business in this state prior to enactment of this section shall register with the commissioner within 30 days of the effective date of this section.*

Sec. 10. Minnesota Statutes 1990, section 176.106, subdivision 6, is amended to read:

Subd. 6. [PENALTY.] At a conference, if the insurer does not provide a specific reason for nonpayment of the items in dispute, the commissioner may assess a penalty of $300 payable to the ~~special compensation fund~~ *assigned risk safety account*, unless it is determined that the reason for the lack of specificity was the failure of the insurer, upon timely request, to receive information necessary to remedy the lack of specificity. This penalty is in addition to any penalty that may be applicable for nonpayment.

Sec. 11. Minnesota Statutes 1990, section 176.129, subdivision 10, is amended to read:

Subd. 10. [PENALTY.] Sums paid to the commissioner pursuant to this section shall be in the manner prescribed by the commissioner. The commissioner may impose a penalty *payable to the assigned risk safety account* of up to 15 percent of the amount due under this section but not less than $500 in the event payment is not made in the manner prescribed.

Sec. 12. Minnesota Statutes 1990, section 176.130, subdivision 8, is amended to read:

Subd. 8. [PENALTIES; WOOD MILLS.] If the assessment provided for in this chapter is not paid on or before February 15 of the year when due and payable, the commissioner may impose penalties as provided in section 176.129, subdivision 10, *payable to the assigned risk safety account.*

Sec. 13. Minnesota Statutes 1990, section 176.130, subdivision 9, is amended to read:

Subd. 9. [FALSE REPORTS.] Any person or entity that, for the purpose of evading payment of the assessment or avoiding the reimbursement, or any part of it, makes a false report under this section shall pay to the ~~special compensation fund~~ *assigned risk safety account*, in addition to the assessment, a penalty of 50 percent of the amount of the assessment. A person who knowingly makes or signs a false report, or who knowingly submits

other false information, is guilty of a misdemeanor.

Sec. 14. Minnesota Statutes 1990, section 176.138, is amended to read:

176.138 [MEDICAL DATA; ACCESS.]

(a) Notwithstanding any other state laws related to the privacy of medical data or any private agreements to the contrary, the release in writing, by telephone discussion, or otherwise of medical data related to a current claim for compensation under this chapter to the employee, employer, or insurer who are parties to the claim, or to the department of labor and industry, shall not require prior approval of any party to the claim. This section does not preclude the release of medical data under section 175.10 or 176.231, subdivision 9. Requests for pertinent data shall be made, and the date of discussions with medical providers about medical data shall be confirmed, in writing to the person or organization that collected or currently possesses the data. Written medical data that exists at the time the request is made shall be provided by the collector or possessor within seven working days of receiving the request. Nonwritten medical data may be provided, but is not required to be provided, by the collector or possessor. In all cases of a request for the data or discussion with a medical provider about the data, except when it is the employee who is making the request, the employee shall be sent written notification of the request by the party requesting the data at the same time the request is made or a written confirmation of the discussion. This data shall be treated as private data by the party who requests or receives the data and the party receiving the data shall provide the employee or the employee's attorney with a copy of all data requested by the requester.

(b) Medical data which is not directly related to a current injury or disability shall not be released without prior authorization of the employee.

(c) The commissioner may impose a penalty of up to $200 payable to the ~~special compensation fund~~ *assigned risk safety account* against a party who does not timely release data as required in this section. A party who does not treat this data as private pursuant to this section is guilty of a misdemeanor. This paragraph applies only to written medical data which exists at the time the request is made.

(d) Workers' compensation insurers and self-insured employers may, for the sole purpose of identifying duplicate billings submitted to more than one insurer, disclose to health insurers, including all insurers writing insurance described in section 60A.06, subdivision 1, clause (5)(a), nonprofit health service plan corporations subject to chapter 62C, health maintenance organizations subject to chapter 62D, and joint self-insurance employee health plans subject to chapter 62H, computerized information about dates, coded items, and charges for medical treatment of employees and other medical billing information submitted to them by an employee, employer, health care provider, or other insurer in connection with a current claim for compensation under this chapter, without prior approval of any party to the claim. The data may not be used by the health insurer for any other purpose whatsoever and must be destroyed after verification that there has been no duplicative billing. Any person who is the subject of the data which is used in a manner not allowed by this section has a cause of action for actual damages and punitive damages for a minimum of $5,000.

Sec. 15. Minnesota Statutes 1990, section 176.139, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO POST; PENALTY.] The commissioner may assess a penalty of $300 against the employer payable to the ~~special compensation fund~~ *assigned risk safety account* if, after notice from the commissioner, the employer violates the posting requirement of this section.

Sec. 16. Minnesota Statutes 1990, section 176.181, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO INSURE, PENALTY.] ~~Any employer who fails to comply with the provisions of subdivision 2 to secure payment of compensation is liable to the state of Minnesota for a penalty of $750, if the number of uninsured employees is less than five and for a penalty of $1,500 if the number of such uninsured employees is five or more. If the commissioner determines that the failure to comply with the provisions of subdivision 2 was willful and deliberate, the employer shall be liable to the state of Minnesota for a penalty of $2,500, if the number of uninsured employees is less than five, and for a penalty of $5,000 if the number of uninsured employees is five or more. If the employer continues noncompliance, the employer is liable for five times the lawful premium for compensation insurance for such employer for the period the employer fails to comply with such provisions, commencing ten days after notice has been served upon the employer by the commissioner of the department of labor and industry by certified mail. These penalties may be recovered jointly or separately in a civil action brought in the name of the state by the attorney general in any court having jurisdiction. Whenever any such failure occurs the commissioner of the department of labor and industry shall immediately certify that fact to the attorney general. Upon receipt of such certification the attorney general shall forthwith commence and prosecute the action. All penalties recovered by the state in any such action shall be paid into the state treasury and credited to the special compensation fund. If an employer fails to comply with the provisions of subdivision 2, to secure payment of compensation after having been notified of the employer's duty, the attorney general, upon request of the commissioner, may proceed against the employer in any court having jurisdiction for an order restraining the employer from having any person in employment at any time when the employer is not complying with the provisions of subdivision 2 or for an order compelling the employer to comply with subdivision 2.~~ *(a) If the commissioner has reason to believe that an employer is in violation of subdivision 2, the commissioner may issue an order directing the employer to comply with subdivision 2, to refrain from employing any person at any time without complying with subdivision 2, and to pay a penalty of up to $1,000 per employee per week during which the employer was not in compliance.*

(b) An employer shall have ten working days to contest such an order by filing a written objection with the commissioner, stating in detail its reasons for objecting. If the commissioner does not receive an objection within ten working days, the commissioner's order shall constitute a final order not subject to further review, and violation of that order shall be enforceable by way of civil contempt proceedings in district court. If the commissioner does receive a timely objection, the commissioner shall refer the matter to the office of administrative hearings for an expedited hearing before a compensation judge. The compensation judge shall issue a decision either affirming, reversing, or modifying the commissioner's order within ten days of the close of the hearing. If the compensation judge affirms the commissioner's order, the compensation judge may order the employer to pay an additional penalty if the employer continued to employ persons without

complying with subdivision 2 while the proceedings were pending.

(c) All penalties assessed under this subdivision shall be paid into the state treasury and credited to the assigned risk safety account. Penalties assessed under this section shall constitute a lien for government services pursuant to section 514.67 on all the employer's property and shall be subject to the revenue recapture act in chapter 270A.

(d) For purposes of this subdivision, the term "employer" includes any owners or officers of a corporation who direct and control the activities of employees.

Sec. 17. Minnesota Statutes 1990, section 176.181, is amended by adding a subdivision to read:

Subd. 8. [DATA SHARING.] *(a) The departments of labor and industry, jobs and training, and revenue are authorized to share information regarding the employment status of individuals, including but not limited to payroll and withholding and income tax information, and may use that information for purposes consistent with this section.*

(b) The commissioner is authorized to inspect and to order the production of all payroll and other business records and documents of any alleged employer in order to determine the employment status of persons and compliance with this section. If any person or employer refuses to comply with such an order, the commissioner may apply to the district court of the county where the person or employer is located for an order compelling production of the documents.

Sec. 18. Minnesota Statutes 1990, section 176.182, is amended to read:

176.182 [BUSINESS LICENSES OR PERMITS; COVERAGE REQUIRED.]

Every state or local licensing agency shall withhold the issuance or renewal of a license or permit to operate a business in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2, by providing the name of the insurance company, the policy number, and dates of coverage or the permit to self-insure. The commissioner shall assess a penalty to the employer of $1,000 payable to the ~~special compensation fund~~ *assigned risk safety account*, if the information is not reported or is falsely reported.

Neither the state nor any governmental subdivision of the state shall enter into any contract for the doing of any public work before receiving from all other contracting parties acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2.

This section shall not be construed to create any liability on the part of the state or any governmental subdivision to pay workers' compensation benefits or to indemnify the special compensation fund, an employer, or insurer who pays workers' compensation benefits.

Sec. 19. Minnesota Statutes 1990, section 176.183, is amended to read:

176.183 [UNINSURED AND SELF-INSURED EMPLOYERS; BENEFITS TO EMPLOYEES AND DEPENDENTS; LIABILITY OF EMPLOYER.]

Subdivision 1. When any employee sustains an injury arising out of and in the course of employment while in the employ of an employer, other than the state or its political subdivisions, not insured or self-insured as provided for in this chapter, the employee or the employee's dependents shall nevertheless receive benefits as provided for in this chapter from the special compensation fund~~, and the commissioner has a cause of action against the employer for reimbursement for all moneys paid out or to be paid out, and, in the discretion of the court,~~ as ~~punitive damages an additional amount not exceeding 50 percent of all moneys paid out or to be paid out~~. As used in ~~this subdivision~~ *subdivision 1 or 2*, "employer" includes *any owners or* officers of ~~corporations~~ *a corporation* who ~~have legal~~ *direct and* control~~, either individually or jointly with another or others, of the payment of wages~~ *the activities of employees*. An action to recover ~~the moneys~~ *benefits paid* shall be instituted unless the commissioner determines that no recovery is possible. All moneys recovered shall be deposited in the general fund. There shall be no payment from the special compensation fund if there is liability for the injury under the provisions of section 176.215, by an insurer or self-insurer.

Subd. 2. *Prior to issuing an order against the special compensation fund to pay compensation benefits to an employee, a compensation judge shall first make findings regarding the insurance status of the employer and its liability. The special compensation fund shall not be found liable in the absence of a finding of liability against the employer. Where the liable employer is found to be not insured or self-insured as provided for in this chapter, the compensation judge shall assess and order the employer to pay all compensation benefits to which the employee is entitled and a penalty in the amount of 60 percent of all compensation benefits ordered to be paid. An award issued against an employer shall constitute a lien for government services pursuant to section 514.67 on all property of the employer and shall be subject to the provisions of the revenue recapture act in chapter 270A. The special compensation fund may enforce the terms of that award in the same manner as a district court judgment.* The commissioner of labor and industry, in accordance with the terms of the order awarding compensation, shall pay compensation to the employee or the employee's dependent from the special compensation fund. The commissioner of labor and industry shall certify to the commissioner of finance and to the legislature annually the total amount of compensation paid from the special compensation fund under subdivision 1. The commissioner of finance shall upon proper certification reimburse the special compensation fund from the general fund appropriation provided for this purpose. The amount reimbursed shall be limited to the certified amount paid under this section or the appropriation made for this purpose, whichever is the lesser amount. Compensation paid under this section which is not reimbursed by the general fund shall remain a liability of the special compensation fund and shall be financed by the percentage assessed under section 176.129.

Subd. 3. (a) Notwithstanding subdivision 2, the commissioner may direct payment from the special compensation fund for compensation payable pursuant to subdivision 1, including benefits payable under sections 176.102 and 176.135, prior to issuance of an order of a compensation judge or the workers' compensation court of appeals directing payment or awarding compensation. *Where payment is issued pursuant to a petition for a temporary order, the terms of any resulting order shall have the same status and be governed by the same provisions as an award issued pursuant to subdivision 2.*

(b) The commissioner may suspend or terminate an order under clause (a) for good cause as determined by the commissioner.

Subd. 4. If the commissioner authorizes the special fund to commence payment ~~under this section~~ *without the issuance of a temporary order*, the commissioner shall serve by certified mail notice upon the employer and other interested parties of the intention to commence payment. This notice shall be served at least ten calendar days before commencing payment and shall be mailed to the last known address of the parties. The notice shall include a statement that failure of the employer to respond within ten calendar days of the date of service will be deemed acceptance by the employer of the proposed action by the commissioner and will be deemed a waiver of defenses the employer has to a subrogation or indemnity action by the commissioner. At any time prior to final determination of liability, the employer may appear as a party and present defenses the employer has, whether or not an appearance by the employer has previously been made in the matter. The commissioner has a cause of action against the employer to recover compensation paid by the special fund under this section.

Sec. 20. Minnesota Statutes 1990, section 176.185, subdivision 5a, is amended to read:

Subd. 5a. [PENALTY FOR IMPROPER WITHHOLDING.] An employer who violates subdivision 5 after notice from the commissioner is subject to a penalty of 200 percent of the amount withheld from or charged the employee. The penalty shall be imposed by the commissioner. Fifty percent of this penalty is payable to the ~~special compensation fund~~ *assigned risk safety account* and 50 percent is payable to the employee.

Sec. 21. Minnesota Statutes 1990, section 176.194, subdivision 4, is amended to read:

Subd. 4. [PENALTIES.] The penalties for violations of clauses (1) through (6) are as follows:

1st through 5th violation of each paragraph	written warning
6th through 10th violation of each paragraph	$2,500 per violation in excess of five
11th through 30th violation of each paragraph	$5,000 per violation in excess of ten

For violations of clauses (7) and (8), the penalties are:

1st through 5th violation of each paragraph	$2,500 per violation
6th through 30th violation of each paragraph	$5,000 per violation in excess of five

The penalties under this section may be imposed in addition to other penalties under this chapter that might apply for the same violation. The penalties under this section are assessed by the commissioner and are payable to the ~~special compensation fund~~ *assigned risk safety account*. A party may object to the penalty and request a formal hearing under section 176.85. If an entity has more than 30 violations within any 12-month period, in addition to the monetary penalties provided, the commissioner may refer the matter to the commissioner of commerce with recommendation for

suspension or revocation of the entity's (a) license to write workers' compensation insurance; (b) license to administer claims on behalf of a self-insured, the assigned risk plan, or the Minnesota insurance guaranty association; (c) authority to self-insure; or (d) license to adjust claims. The commissioner of commerce shall follow the procedures specified in section 176.195.

Sec. 22. Minnesota Statutes 1990, section 176.194, subdivision 5, is amended to read:

Subd. 5. [RULES.] The commissioner may, by rules adopted in accordance with chapter 14, specify additional *illegal*, misleading, deceptive, ~~or~~ fraudulent practices or conduct which are subject to the penalties under this section.

Sec. 23. Minnesota Statutes 1990, section 176.221, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] If the employer or insurer does not begin payment of compensation within the time limit prescribed under subdivision 1 or 8, the commissioner may assess a penalty, payable to the ~~special compensation fund~~ *assigned risk safety account*, which shall be a percentage of the amount of compensation to which the employee is entitled to receive up to the date compensation payment is made.

The amount of penalty shall be determined as follows:

Numbers of days late	Penalty
1 - 15	25 percent of compensation due, not to exceed $375.
16 - 30	50 percent of compensation due, not to exceed $1,140.
31 - 60	75 percent of compensation due, not to exceed $2,878.
61 or more	100 percent of compensation due, not to exceed $3,838.

The penalty under this section is in addition to any penalty otherwise provided by statute.

Sec. 24. Minnesota Statutes 1990, section 176.221, subdivision 3a, is amended to read:

Subd. 3a. [PENALTY.] In lieu of any other penalty under this section, the commissioner may assess a penalty of up to $1,000 *payable to the assigned risk safety account* for each instance in which an employer or insurer does not pay benefits or file a notice of denial of liability within the time limits prescribed under this section.

Sec. 25. [176.222] [REPORT ON COLLECTION AND ASSESSMENT OF FINES AND PENALTIES.]

The commissioner shall annually, by January 30, submit a report to the legislature detailing the assessment and collection of fines and penalties

under this chapter on a fiscal year basis for the immediately preceding fiscal year and for as many prior years as the data is available.

Sec. 26. Minnesota Statutes 1990, section 176.231, subdivision 10, is amended to read:

Subd. 10. [FAILURE TO FILE REQUIRED REPORT, PENALTY.] If an employer, insurer, physician, chiropractor, or other health provider fails to file with the commissioner any report required by this section in the manner and within the time limitations prescribed, or otherwise fails to provide a report required by this section in the manner provided by this section, the commissioner may impose a penalty of up to $200 for each failure.

The imposition of a penalty may be appealed to a compensation judge within 30 days of notice of the penalty.

Penalties collected by the state under this subdivision shall be paid into the ~~special compensation fund~~ *assigned risk safety account.*

Sec. 27. [176.232] [SAFETY COMMITTEES.]

Every public or private employer of more than 25 employees shall establish and administer a joint labor-management safety committee.

Every public or private employer of 25 or fewer employees shall establish and administer a safety committee if:

(1) the employer has a lost workday cases incidence rate in the top ten percent of all rates for employers in the same industry; or

(2) the workers' compensation premium classification assigned to the greatest portion of the payroll for the employer has a pure premium rate as reported by the workers' compensation rating association in the top 25 percent of premium rates for all classes.

The commissioner may adopt rules regarding the training of safety committee members and the operation of safety committees.

Sec. 28. Minnesota Statutes 1990, section 176.261, is amended to read:

176.261 [EMPLOYEE OF COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY MAY ACT FOR AND ADVISE A PARTY TO A PROCEEDING.]

When requested by an employer or an employee or an employee's dependent, the commissioner of the department of labor and industry may designate one or more of the division employees to advise that party of rights under this chapter, and as far as possible to assist in adjusting differences between the parties. The person so designated may appear in person in any proceedings under this chapter as the representative or adviser of the party. In such case, the party need not be represented by an attorney at law.

Prior to advising an employee or employer to seek assistance outside of the department, the department must refer employers and employees seeking advice or requesting assistance in resolving a dispute to an attorney or rehabilitation and medical specialist employed by the department, whichever is appropriate.

The department must make efforts to settle problems of employees and employers by contacting third parties, including attorneys, insurers, and health care providers, on behalf of employers and employees and using the

department's persuasion to settle issues quickly and cooperatively.

Sec. 29. [176.87] [FRAUD UNIT.]

The department shall establish a workers' compensation fraud unit to investigate fraudulent and other illegal practices of health care providers, employers, insurers, attorneys, employees, and others related to workers' compensation. The unit shall review files of the department and may conduct field investigations. If the department determines there is illegal activity, the commissioner must refer the case to the attorney general or other appropriate prosecuting authority. The attorney general and other prosecuting authorities must give high priority to reviewing and prosecuting cases referred to them by the commissioner under this section.

The attorney general shall train personnel of the department of labor and industry in effective investigative practices and in the requisites for successful prosecution of illegal activity under chapter 176.

Sec. 30. Minnesota Statutes 1990, section 176A.03, is amended by adding a subdivision to read:

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

Sec. 31. [DEPARTMENT STUDY; DATA SHARING ON UNINSURED EMPLOYERS.]

The commissioner of labor and industry shall study the issue of whether there is data in the possession of other state or private entities that would assist the department in identifying employers that are not complying with the insurance requirements of Minnesota Statutes, chapter 176. The department shall report the results of its studies to the legislature by January 30, 1993, together with proposed legislation that would enable the department to obtain that information.

Sec. 32. [REPETITIVE MOTION STUDY; DEPARTMENT OF EMPLOYEE RELATIONS.]

The department of employee relations shall assess the number and severity of work-related repetitive motion injuries incurred by state employees. The assessment shall include carpal tunnel and related injuries. The department shall report the results of the assessment to the legislature by January 30, 1993.

In addition, the department shall develop a plan for a pilot project to reduce repetitive motion injuries for which it shall seek funding from the 1993 legislature.

Sec. 33. [INDEPENDENT CONTRACTORS; LEASED EMPLOYEES.]

The commissioner of labor and industry shall study the practice of employee leasing and declaration of independent contract status as devices to evade or reduce premiums for workers' compensation insurance.

The commissioner shall submit a report to the legislature by January 15, 1993, with the results of the study and proposals for legislative action.

Sec. 34. [MANDATED REDUCTIONS.]

(a) As a result of the workers' compensation law changes in this act and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of workers' compensation rates in effect on October 1, 1992, must be reduced by 16.5 percent and applied by the insurer to all policies with an effective date between October 1, 1992, and March 31, 1993. For purposes of this section, "insurer" includes the assigned risk plan, and "rates" include the rates approved by the commissioner of commerce for the assigned risk plan. The reduction mandated by this section must also be applied on a prorated basis to the unexpired portion of all workers' compensation policies on October 1, 1992. An insurer shall provide a written notice by November 1, 1992, to all workers' compensation policyholders having an unexpired policy with the insurer as of October 1, 1992, that reads as follows: "As a result of the changes in the workers' compensation system enacted by the 1992 legislature, you are entitled to a prorated reduction of 16.5 percent on your current policy premium."

(b) No rate increases may be filed between April 1, 1992, and April 1, 1993.

(c) The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under this section have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner shall present a report detailing the findings and conclusions to the legislature by March 1, 1993.

Sec. 35. [REPEALER.]

Minnesota Statutes 1990, section 176.131, is repealed. The special compensation fund shall not reimburse an employer under Minnesota Statutes, section 176.131, for a subsequent injury occurring after June 30, 1992. The special compensation fund shall continue to reimburse employers for subsequent injuries occurring prior to July 1, 1992, and the commissioner of labor and industry shall continue to assess for those reimbursements under Minnesota Statutes, section 176.129.

Sec. 36. [EFFECTIVE DATE.]

Section 34 is effective the day following final enactment retroactive to April 1, 1992. Section 1 is effective for policies insuring liability for workers' compensation that are effective on or after October 1, 1992. The rest of this article is effective July 1, 1992.

ARTICLE 4

MEDICAL AND REHABILITATION

Section 1. Minnesota Statutes 1990, section 176.102, subdivision 1, is amended to read:

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

(b) Rehabilitation is intended to restore the injured employee~~, through physical and vocational rehabilitation,~~ so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the

employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 2. Minnesota Statutes 1990, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors. The commissioner shall annually review the fees and give notice of any adjustment in the State Register. An annual adjustment is not subject to chapter 14. By March 1, 1993, the commissioner shall report to the legislature on the status of the commission's monitoring of rehabilitation services.* The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 3. Minnesota Statutes 1990, section 176.102, subdivision 4, is amended to read:

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

~~For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time.~~ *A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. When the commissioner has received notice or information that an employee has sustained an injury that may be compensable under this chapter, the commissioner must notify the injured employee of the right to request a rehabilitation consultation to assist in return to work. The notice may be included in other information the commissioner gives to the employee under section 176.235, and must be highlighted in a way to draw the employee's attention to it. If a rehabilitation consultation is*

requested, the employer shall provide a qualified rehabilitation consultant. If the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 60 days following the filing of a copy of the employee's rehabilitation plan with the commissioner. If the consultation indicates that rehabilitation services are appropriate under subdivision 1, the employer shall provide the services. If the consultation indicates that rehabilitation services are not appropriate under subdivision 1, the employer shall notify the employee of this determination within 14 days after the consultation.

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

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

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

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

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

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

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

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

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

~~(b)~~ *(f)* If the employer does not provide rehabilitation consultation ~~as required by this section~~ *requested under paragraph (a)*, the commissioner or compensation judge shall notify the employer that if the employer fails to ~~appoint~~ *provide* a qualified rehabilitation consultant ~~or other persons as~~

~~permitted by clause (a)~~ within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

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

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

Sec. 4. Minnesota Statutes 1990, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] *(a)* The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled.

(b) A rehabilitation consultant must file a progress report on the plan with the commissioner six months after the plan is filed. The progress report must include a current estimate of the total cost and the expected duration of the plan. The commissioner may require additional progress reports. Based on the progress reports and available information, the commissioner may take actions including, but not limited to, redirecting, amending, suspending, or terminating the plan.

Sec. 5. Minnesota Statutes 1990, section 176.102, subdivision 9, is amended to read:

Subd. 9. [PLAN, COSTS.] *(a)* An employer is liable for the following rehabilitation expenses under this section:

~~(a)~~ *(1)* Cost of rehabilitation evaluation and preparation of a plan;

~~(b)~~ *(2)* Cost of all rehabilitation services and supplies necessary for implementation of the plan;

~~(c)~~ *(3)* Reasonable cost of tuition, books, travel, and custodial day care; and, in addition, reasonable costs of board and lodging when rehabilitation requires residence away from the employee's customary residence;

~~(d)~~ *(4)* Reasonable costs of travel and custodial day care during the job interview process;

~~(e)~~ *(5)* Reasonable cost for moving expenses of the employee and family if a job is found in a geographic area beyond reasonable commuting distance after a diligent search within the present community. Relocation shall not be paid more than once during any rehabilitation program, and relocation shall not be required if the new job is located within the same standard metropolitan statistical area as the employee's job at the time of injury. An

employee shall not be required to relocate and a refusal to relocate shall not result in a suspension or termination of compensation under this chapter; and

~~(f)~~ *(6)* Any other expense agreed to be paid.

(b) Charges for services provided by a rehabilitation consultant or vendor must be submitted on a billing form prescribed by the commissioner. No payment for the services shall be made until the charges are submitted on the prescribed form.

(c) Except as provided in this paragraph, an employer is not liable for charges for services provided by a rehabilitation consultant or vendor unless the employer or its insurer receives a bill for those services within 45 days of the provision of the services. The commissioner or a compensation judge may order payment for charges not timely billed under this paragraph if the rehabilitation consultant or vendor can prove that the failure to submit the bill as required by this paragraph was due to circumstances beyond the control of the rehabilitation consultant or vendor. A rehabilitation consultant or vendor may not collect payment from any other person, including the employee, for bills that an employer is relieved from liability for paying under this paragraph.

Sec. 6. Minnesota Statutes 1990, section 176.103, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] (a) The commissioner shall monitor the medical and surgical treatment provided to injured employees, the services of other health care providers and shall also monitor hospital utilization as it relates to the treatment of injured employees. This monitoring shall include determinations concerning the appropriateness of the service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treatment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services. *Insurers and self-insurers must assist the commissioner in this monitoring by reporting to the commissioner cases of suspected excessive, inappropriate, or unnecessary treatment.* The commissioner shall report ~~the results of the monitoring~~ *specific cases of suspected inappropriate, unnecessary, and excessive treatment* to the medical services review board. ~~The commissioner may, either as a result of the monitoring or as a result of an investigation following receipt of a complaint, if the commissioner believes that any provider of health care services has violated any provision of this chapter or rules adopted under this chapter, initiate a contested case proceeding under chapter 14. In these cases,~~ The medical services review board shall ~~make the final decision following receipt of the report of an administrative law judge~~ *review those cases and make a determination of whether there is inappropriate, unnecessary, or excessive treatment based on rules adopted by the commissioner in consultation with the medical services review board. The determination of the board is not subject to the contested case provisions of the administrative procedure act in chapter 14. An affected provider shall be given notice and an opportunity to be heard before the board prior to the board reporting its findings and conclusions. The board shall report its findings and conclusions to the commissioner. The findings and conclusions of the board are binding on the commissioner. The commissioner shall order a sanction if the board has concluded there was inappropriate, unnecessary, or excessive treatment. The commissioner in consultation with the medical services review board shall adopt rules defining standards of treatment*

including inappropriate, unnecessary, or excessive treatment and the sanctions to be imposed for inappropriate, unnecessary, or excessive treatment. The sanctions imposed may include, without limitation, a warning, a restriction on providing treatment, requiring preauthorization by the board for a plan of treatment, and suspension from receiving compensation for the provision of treatment under chapter 176. The commissioner's authority under this section also includes the authority to make determinations regarding any other activity involving the questions of utilization of medical services, and any other determination the commissioner deems necessary for the proper administration of this section, but does not include the authority to make the initial determination of primary liability, except as provided by section 176.305.

Sec. 7. Minnesota Statutes 1990, section 176.103, is amended by adding a subdivision to read:

Subd. 2a. [APPEALS, EFFECT OF DECISION.] *An order imposing sanctions on a health care provider under subdivision 2 may be appealed and has the effect provided by this subdivision.*

A sanction becomes effective at the time the commissioner notifies the provider of the order of sanction. The notice shall advise the provider of the right to obtain review as provided in this subdivision. If mailed, the notice of order of sanction is deemed received three days after mailing to the last known address of the provider.

Within 30 days of receipt of a notice of order of sanction, a provider may request in writing a review by the commissioner of the order. Upon receiving a request the commissioner or the commissioner's designee shall review the order, the evidence upon which the order was based, and any other material information brought to the attention of the commissioner, and determine whether sufficient cause exists to sustain the order. Within 15 days of receiving the request the commissioner shall report in writing the results of the review. The review provided in this subdivision is not subject to the contested case provisions of the administrative procedure act in chapter 14.

Within 30 days following receipt of the commissioner's decision on review, a provider may petition the workers' compensation court of appeals for review. The petition shall be filed with the court, together with proof of service of a copy on the commissioner, and accompanied by the standard filing fee for appeals from decisions of compensation judges. No responsive pleading shall be required of the commissioner, and no fees shall be charged for the appearance of the commissioner in the matter.

The petition shall be captioned in the full name of the provider making the petition as petitioner and the commissioner as respondent. The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order of sanction.

The filing of the petition shall not stay the sanction. The court may order a stay of the balance of the sanction if the hearing has not been conducted within 60 days after filing of the petition upon terms the court deems proper. To the extent applicable, review shall be conducted according to the rules of the court for review of decisions of compensation judges.

The scope of the hearing shall be limited to the issues of whether the medical services review board's findings were supported by substantial evidence in view of the record before the board and whether the sanction imposed by the commissioner was authorized by law or rule.

The workers' compensation court of appeals may adopt rules necessary to implement this subdivision.

Sec. 8. Minnesota Statutes 1990, section 176.103, subdivision 3, is amended to read:

Subd. 3. [MEDICAL SERVICES REVIEW BOARD; SELECTION; POWERS.] (a) There is created a medical services review board composed of the commissioner or the commissioner's designee as an ex officio member, two persons representing chiropractic, one person representing hospital administrators, *one physical therapist*, and six physicians representing different specialties which the commissioner determines are the most frequently utilized by injured employees. The board shall also have one person representing employees, one person representing employers or insurers, and one person representing the general public. The members shall be appointed by the commissioner and shall be governed by section 15.0575. Terms of the board's members may be renewed. The board may appoint from its members whatever subcommittees it deems appropriate.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one chiropractor, *one physical therapist*, one hospital administrator, three physicians, one employee representative, one employer or insurer representative, and one representative of the general public.

The board shall review clinical results for adequacy and recommend to the commissioner scales for disabilities and apportionment.

The board shall review and recommend to the commissioner rates for individual clinical procedures and aggregate costs. The board shall assist the commissioner in accomplishing public education.

In evaluating the clinical consequences of the services provided to an employee by a clinical health care provider, the board shall consider the following factors in the priority listed:

(1) the clinical effectiveness of the treatment;

(2) the clinical cost of the treatment; and

(3) the length of time of treatment.

The board shall advise the commissioner on the adoption of rules regarding all aspects of medical care and services provided to injured employees.

(b) The medical services review board may upon petition from the commissioner and after hearing, issue a penalty of $200 per violation, disqualify, or suspend a provider from receiving payment for services rendered under this chapter if a provider has violated any part of this chapter or rule adopted under this chapter. The hearings are initiated by the commissioner under the contested case procedures of chapter 14. The board shall make the final decision following receipt of the recommendation of the administrative law judge. The board's decision is appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

(c) The board may adopt rules of procedure. The rules may be joint rules with the rehabilitation review panel.

Sec. 9. Minnesota Statutes 1990, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, PSYCHOLOGICAL, CHIROPRACTIC,

PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, psychological, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation.

(b) The employer shall pay for the reasonable value of nursing services provided by a member of the employee's family in cases of permanent total disability.

(c) Exposure to rabies is an injury and an employer shall furnish preventative treatment to employees exposed to rabies.

(d) The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches, or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. *For the purpose of this paragraph, "injury" includes damage wholly or in part to an artificial member.* In case of the employer's inability or refusal seasonably to ~~do so~~ *provide the items required to be provided under this paragraph,* the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same, including costs of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7, and attorney fees incurred by the employee. ~~No action to recover the cost of copies may be brought until the commissioner adopts a schedule of reasonable charges under subdivision 7.~~ Attorney's fees shall be determined on an hourly basis according to the criteria in section 176.081, subdivision 5. ~~The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability.~~

~~(b)~~ *(e)* Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with sections 176.106 and 176.305.

(f) An employer may require that the treatment and supplies required to be provided by an employer by this section be received in whole or in part from a managed care plan certified under section 176.1351 except as otherwise provided by that section.

Sec. 10. Minnesota Statutes 1990, section 176.135, subdivision 5, is amended to read:

Subd. 5. [OCCUPATIONAL DISEASE MEDICAL ELIGIBILITY.] Notwithstanding section 176.66, an employee who has contracted an occupational disease is eligible to receive compensation under this section even if the employee is not disabled from earning full wages at the work at which the employee was last employed.

Payment of compensation under this section shall be made by the employer and insurer on the date of the employee's last exposure to the hazard of the occupational disease. Reimbursement for medical benefits paid under this

subdivision or subdivision 1a is allowed from the employer and insurer liable under section 176.66, subdivision 10, only in the case of disablement.

Sec. 11. Minnesota Statutes 1990, section 176.135, subdivision 6, is amended to read:

Subd. 6. [COMMENCEMENT OF PAYMENT.] As soon as reasonably possible, and no later than 30 calendar days after receiving the bill, the employer or insurer shall pay the charge or any portion of the charge which is not denied, *or* deny all or a part of the charge ~~on the basis of excessiveness or noncompensability, or specify the additional data needed,~~ with written notification to the employee and the provider *explaining the basis for denial. All or part of a charge must be denied if any of the following conditions exists:*

(1) the injury or condition is not compensable under this chapter;

(2) the charge or service is excessive under this section or section 176.136;

(3) the charges are not submitted on the prescribed billing form; or

(4) additional medical records or reports are required under subdivision 7 to substantiate the nature of the charge and its relationship to the work injury.

If payment is denied under clause (3) or (4), the employer or insurer shall reconsider the charges in accordance with this subdivision within 30 calendar days after receiving additional medical data, a prescribed billing form, or documentation of enrollment or certification as a provider.

Sec. 12. Minnesota Statutes 1990, section 176.135, subdivision 7, is amended to read:

Subd. 7. [MEDICAL BILLS AND RECORDS.] Health care providers shall submit to the insurer an itemized statement of charges *on a billing form prescribed by the commissioner*. Health care providers ~~other than hospitals~~ shall also submit copies of medical records or reports that substantiate the nature of the charge and its relationship to the work injury~~, provided, however, that hospitals must submit any copies of records or reports requested under subdivision 6~~. Health care providers may charge for copies of any records or reports that are in existence and directly relate to the items for which payment is sought under this chapter. ~~Charges for copies provided under this subdivision shall be reasonable.~~ The commissioner shall adopt a schedule of reasonable charges by ~~emergency rules~~ *rule*.

A health care provider shall not collect, attempt to collect, refer a bill for collection, or commence an action for collection against the employee, employer, or any other party until the information required by this section has been furnished.

A United States government facility rendering health care services to veterans is not subject to the uniform billing form requirements of this subdivision.

Sec. 13. [176.1351] [MANAGED CARE.]

Subdivision 1. [APPLICATION.] *Any person or entity, other than a workers' compensation insurer or an employer for its own employees, may make written application to the commissioner to have a plan certified that provides management of quality treatment to injured workers for injuries and diseases compensable under this chapter. Specifically, and without limitation, an*

entity licensed under chapter 62C or 62D or a preferred provider organization that is subject to chapter 72A is eligible for certification under this section. Each application for certification shall be accompanied by a reasonable fee prescribed by the commissioner. A plan may be certified to provide services in a limited geographic area. A certificate is valid for the period the commissioner prescribes unless revoked or suspended. Application for certification shall be made in the form and manner and shall set forth information regarding the proposed plan for providing services as the commissioner may prescribe. The information shall include, but not be limited to:

(1) a list of the names of all health care providers who will provide services under the managed care plan, together with appropriate evidence of compliance with any licensing or certification requirements for those providers to practice in this state; and

(2) a description of the places and manner of providing services under the plan.

Subd. 2. [CERTIFICATION.] *The commissioner shall certify a managed care plan if the commissioner finds that the plan:*

(1) proposes to provide quality services that meet uniform treatment standards prescribed by the commissioner and all medical and health care services that may be required by this chapter in a manner that is timely, effective, and convenient for the worker;

(2) is reasonably geographically convenient to employees it serves;

(3) provides appropriate financial incentives to reduce service costs and utilization without sacrificing the quality of service;

(4) provides adequate methods of peer review, utilization review, and dispute resolution to prevent inappropriate, excessive, or not medically necessary treatment, and excludes participation in the plan by those individuals who violate these treatment standards;

(5) provides a procedure that may be informal for the resolution of medical disputes within 14 days;

(6) provides aggressive case management for injured workers and provides a program for early return to work and cooperative efforts by the workers, the employer, and the managed care plan to promote workplace health and safety consultative and other services;

(7) provides a timely and accurate method of reporting to the commissioner necessary information regarding medical and health care service cost and utilization to enable the commissioner to determine the effectiveness of the plan;

(8) authorizes workers to receive compensable treatment from a health care provider who is not a member of the managed care plan, if that provider maintains the employee's medical records and has a documented history of treatment with the employee and agrees to refer the employee to the managed care plan for any other treatment that the employee may require and if the health care provider agrees to comply with all the rules, terms, and conditions of the managed care plan;

(9) authorizes necessary emergency medical treatment for an injury provided by a health care provider not a part of the managed care plan;

(10) does not discriminate against or exclude from participation in the plan any category of health care provider and includes an adequate number of each category of health care providers to give workers convenient geographic accessibility to all categories of providers and adequate flexibility to choose health care providers from among those who provide services under the plan;

(11) provides an employee the right to change health care providers under the plan at least once; and

(12) complies with any other requirement the commissioner determines is necessary to provide quality medical services and health care to injured workers.

The commissioner may accept findings, licenses, or certifications of other state agencies as satisfactory evidence of compliance with a particular requirement of this subdivision.

Subd. 3. [DISPUTE RESOLUTION.] *An employee must exhaust the dispute resolution procedure of the certified managed care plan prior to filing a petition or otherwise seeking relief from the commissioner or a compensation judge on an issue related to managed care. If an employee has exhausted the dispute resolution procedure of the managed care plan on the issue of a rating for a disability, the employee may seek a disability rating from a health care provider outside of the managed care organization. The employer is liable for the reasonable fees of the outside provider as limited by the medical fee schedule adopted under this chapter.*

Subd. 4. [ACCESS TO ALL HEALTH CARE DISCIPLINES.] *The commissioner may refuse to certify or may revoke or suspend the certification of a managed care plan that unfairly restricts direct access within the managed care plan to any health care provider profession. Direct access within the managed care plan is unfairly restricted if direct access is denied and the treatment or service sought is within the scope of practice of the profession to which direct access is sought and is appropriate under the standards of treatment adopted by the managed care plan or, in instances where the commissioner has adopted standards of treatment, the standards adopted by the commissioner.*

Subd. 5. [REVOCATION, SUSPENSION, AND REFUSAL TO CERTIFY.] *The commissioner may refuse to certify or may revoke or suspend the certification of a managed care plan if the commissioner finds that the plan for providing medical or health care services fails to meet the requirements of this section, or service under the plan is not being provided in accordance with the terms of a certified plan.*

Subd. 6. [RULES.] *The commissioner may adopt emergency or permanent rules necessary to implement this section.*

Sec. 14. Minnesota Statutes 1990, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] *(a)* The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups.

(b) The procedures established by the commissioner ~~shall~~ *must* limit, *in accordance with subdivisions 1a, 1b, and 1c,* the charges allowable for

medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135~~, based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing~~. The procedures established by the commissioner for determining whether or not the charge for a health service is excessive ~~shall~~ *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 15. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1a. [RELATIVE VALUE FEE SCHEDULE.] *The liability of an employer for services included in the medical fee schedule is limited to the maximum fee allowed by the schedule in effect on the date of the medical service, or the provider's actual fee, whichever is lower. The medical fee schedule effective on October 1, 1991, shall remain in effect until the commissioner adopts a new schedule by permanent rule. The commissioner shall adopt permanent rules regulating fees allowable for medical, chiropractic, podiatric, surgical, and other health care provider treatment or service, including those provided to hospital outpatients, by implementing a relative value fee schedule to be effective on October 1, 1993. The commissioner may adopt by reference the relative value fee schedule adopted for the federal Medicare program or a relative value fee schedule adopted by other federal or state agencies. The relative value fee schedule shall contain reasonable classifications including, but not limited to, classifications that differentiate among health care provider disciplines. The conversion factors for the original relative value fee schedule must reasonably reflect a 15 percent overall reduction from the medical fee schedule most recently in effect. The reduction need not be applied equally to all treatment or services, but must represent a gross 15 percent reduction.*

After permanent rules have been adopted to implement this section, the conversion factors must be adjusted annually on October 1 by no more than the percentage change computed under section 176.645, but without the annual cap provided by that section. The commissioner shall annually give notice in the State Register of the adjusted conversion factors. This notice shall be in lieu of the requirements of chapter 14.

Sec. 16. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1b. [LIMITATION OF LIABILITY.] *(a) The liability of the employer for treatment, articles, and supplies provided to an employee while an inpatient or outpatient at a small hospital shall be the hospital's usual and customary charge, unless the charge is determined by the commissioner or a compensation judge to be unreasonably excessive. A "small hospital," for purposes of this paragraph, is a hospital which has 100 or fewer licensed beds.*

(b) The liability of the employer for the treatment, articles, and supplies that are not limited by subdivision 1a or 1c or paragraph (a) shall be limited to 85 percent of the provider's usual and customary charge, or 85 percent

of the prevailing charges for similar treatment, articles, and supplies furnished to an injured person when paid for by the injured person, whichever is lower. On this basis, the commissioner or compensation judge may determine the reasonable value of all treatment, services, and supplies, and the liability of the employer is limited to that amount.

Sec. 17. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1c. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] *The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. No party may pay fees above the amount in the schedule.*

Sec. 18. Minnesota Statutes 1990, section 176.136, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVE FEES.] If the employer or insurer determines that the charge for a health service or medical service is excessive, no payment in excess of the reasonable charge for that service shall be made under this chapter nor may the provider collect or attempt to collect from the injured employee or any other insurer or government amounts in excess of the amount payable under this chapter unless the commissioner, compensation judge, or court of appeals determines otherwise. In such a case, the health care provider may initiate an action under this chapter for recovery of the amounts deemed excessive by the employer or insurer, but the employer or insurer shall have the burden of proving excessiveness.

A charge for a health service or medical service is excessive if it:

(1) exceeds the maximum permissible charge pursuant to subdivision 1, 1a, 1b, or 1c;

(2) is for a service provided at a level, duration, or frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards;

(3) is for a service that is outside the scope of practice of the particular provider or is not generally recognized within the particular profession of the provider as of therapeutic value for the specific injury or condition treated; or

(4) is otherwise deemed excessive or inappropriate pursuant to rules adopted pursuant to this chapter.

Sec. 19. Minnesota Statutes 1990, section 176.137, subdivision 5, is amended to read:

Subd. 5. An employee is limited to ~~$30,000~~ *$60,000* under this section for each personal injury.

Sec. 20. Minnesota Statutes 1990, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. *The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department*

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

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

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

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

Sec. 21. Minnesota Statutes 1990, section 176.83, subdivision 5, is amended to read:

Subd. 5. [~~EXCESSIVE~~ *TREATMENT STANDARDS FOR* MEDICAL SERVICES.] In consultation with the medical services review board or the rehabilitation review panel, *the commissioner shall adopt* rules establishing standards and procedures for ~~determining~~ *health care provider treatment. The rules shall apply uniformly to all providers including those providing managed care under section 176.1351. The rules shall be used to determine* whether a provider of health care services and rehabilitation services, including a provider of medical, chiropractic, podiatric, surgical, hospital or other services, is performing procedures or providing services at a level or with a frequency that is excessive, *unnecessary, or inappropriate* based upon accepted medical standards for quality health care and accepted rehabilitation standards.

The rules shall include, but are not limited to, the following:

(1) criteria for diagnosis and treatment of the most common work-related injuries including, but not limited to, low back injuries and upper extremity

repetitive trauma injuries;

(2) criteria for surgical procedures including, but not limited to, diagnosis, prior conservative treatment, supporting diagnostic imaging and testing, and anticipated outcome criteria;

(3) criteria for use of appliances, adaptive equipment, and use of health clubs or other exercise facilities;

(4) criteria for diagnostic imaging procedures;

(5) criteria for inpatient hospitalization; and

(6) criteria for treatment of chronic pain.

If it is determined by the payer that the level, frequency or cost of a procedure or service of a provider is excessive, *unnecessary, or inappropriate* according to the standards established by the rules, the provider shall not be paid for the ~~excessive~~ procedure, service, or cost by an insurer, self-insurer, or group self-insurer, and the provider shall not be reimbursed or attempt to collect reimbursement for the ~~excessive~~ procedure, service, or cost from any other source, including the employee, another insurer, the special compensation fund, or any government program unless the commissioner or compensation judge determines at a hearing or administrative conference that the level, frequency, or cost was not excessive in which case the insurer, self-insurer, or group self-insurer shall make the payment deemed reasonable.

A ~~health or~~ rehabilitation provider who is determined by the rehabilitation review panel ~~or medical services review~~ board, after hearing, to be consistently performing procedures or providing services at an excessive level or cost may be prohibited from receiving any further reimbursement for procedures or services provided under this chapter. A prohibition imposed on a provider under this subdivision may be grounds for revocation or suspension of the provider's license or certificate of registration to provide health care or rehabilitation service in Minnesota by the appropriate licensing or certifying body. *The medical services review board shall review excessive, inappropriate, or unnecessary health care provider treatment under section 176.103, subdivision 2.*

~~The rules adopted under this subdivision shall require insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this clause.~~

Sec. 22. Minnesota Statutes 1990, section 176.83, is amended by adding a subdivision to read:

Subd. 5a. [REPORTING.] *Rules requiring insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this chapter.*

Sec. 23. [UTILIZATION OF HIGH TECHNOLOGY MEDICAL PROCEDURES.]

The commissioner of labor and industry shall appoint a committee to study the utilization of high technology medical procedures for treatment of injuries under Minnesota Statutes, chapter 176. The committee must include physicians, hospital representatives, medical device manufacturers, purchasers, consumers, and ethicists. The study must specifically examine excessive use of technology. The commissioner shall report the results of the study together with any proposals for legislation to the legislature by

January 30, 1993.

Sec. 24. [MEDICAL COVERAGE STUDY.]

The commissioners of commerce and labor and industry shall study the feasibility of providing medical coverage currently furnished through the workers' compensation system through other health insurance mechanisms including group health and universal health coverage plans. The study shall particularly focus on the concept known as 24-hour coverage. The commissioners shall report the results of their study with specific recommendations to the legislature by February 1, 1993.

Sec. 25. [MANAGED CARE; LEGISLATIVE INTENT.]

It is the intent of the legislature that the commissioner of labor and industry proceed with certifying managed care organizations as expeditiously as possible. Any rules or procedures the commissioner adopts must be designed to assist in the prompt certification of managed care organizations while ensuring quality managed care to injured employees.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, sections 176.135, subdivision 3; and 176.136, subdivision 5, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Section 13 is effective the day following final enactment. The rest of this article is effective October 1, 1992.

ARTICLE 5

SELF-INSURANCE

Section 1. Minnesota Statutes 1990, section 79A.02, is amended by adding a subdivision to read:

Subd. 3. [AUDIT OF SELF-INSURANCE APPLICATION.] *(a) The self-insurer's security fund shall retain a certified public accountant who shall perform services for, and report directly to, the commissioner of commerce. The certified public accountant shall review each application to self-insure, including the applicant's financial data. The certified public accountant shall provide a report to the commissioner of commerce indicating whether the applicant has met the requirements of section 79A.03, subdivisions 2 and 3. Additionally, the certified public accountant shall provide advice and counsel to the commissioner about relevant facts regarding the applicant's financial condition.*

(b) If the report of the certified public accountant is used by the commissioner as the basis for the commissioner's determination regarding the applicant's self-insurance status, the certified public accountant shall be made available to the commissioner for any hearings or other proceedings arising from that determination.

(c) The commissioner shall provide the advisory committee with the summary report by the certified public accountant and any financial data in possession of the department of commerce that is otherwise available to the public.

The cost of the review shall be the obligation of the self-insurer's security fund.

Sec. 2. Minnesota Statutes 1990, section 79A.02, is amended by adding

a subdivision to read:

Subd. 4. [RECOMMENDATIONS TO COMMISSIONER REGARDING REVOCATION.] *After each fifth anniversary from the date each individual and group self-insurer becomes certified to self-insure, the committee shall review all relevant financial data filed with the department of commerce that is otherwise available to the public and make a recommendation to the commissioner about whether each self-insurer's certificate should be revoked.*

Sec. 3. Minnesota Statutes 1990, section 79A.03, subdivision 3, is amended to read:

Subd. 3. [NET WORTH.] ~~Each individual self-insurer shall have and maintain a net worth at least equal to the greater of ten times the retention limit selected with the workers' compensation reinsurance association or one-third the amount of the self-insurer's current annual modified premium. The requirements of this subdivision shall be modified if the self-insurer can demonstrate through a reinsurance program, other than coverage provided by the workers' compensation reinsurance association, that it can pay expected losses without endangering the financial stability of the company.~~ *Each individual self-insurer's net worth, as presented on its audited balance sheet filed with the department of commerce, shall equal at least ten percent of the entity's total assets and shall equal at least ten times the retention level selected with the workers' compensation reinsurance association.*

Sec. 4. Minnesota Statutes 1990, section 79A.03, subdivision 4, is amended to read:

Subd. 4. [ASSETS, NET WORTH, AND LIQUIDITY.] *(a)* Each individual self-insurer shall have and maintain sufficient assets, net worth, and liquidity to promptly and completely meet all of its obligations that may arise under chapter 176 or this chapter. In determining whether a self-insurer meets this requirement, the commissioner shall consider the self-insurer's current ratio; its long-term and short-term debt to equity ratios; its net worth; financial characteristics of the particular industry in which the self-insurer is involved; any recent changes in the management and ownership of the ~~company~~ *self-insurer*; any excess insurance purchased by the self-insurer from a licensed company or an authorized surplus line carrier, other than excess insurance from the workers' compensation reinsurance association; any other financial data submitted to the commissioner by the ~~company~~ *self-insurer*; and the ~~company's~~ *self-insurer's* workers' compensation experience for the last four years. *Notwithstanding any other provision of this chapter, the commissioner may deny an application for self-insurance authority or terminate existing self-insurance authority if the applicant or self-insurer does not have sufficient assets, net worth, and liquidity to promptly and completely meet all of its self-insurance obligations.*

(b) An individual self-insurer must have had positive net income as shown on audited income statements filed with the department of commerce during three of the last five years and cumulatively over the five-year period. If the self-insurer has been in existence less than five years, it must have had cumulative net income during the period of existence and in the most recent year.

(c) An individual self-insurer must have had cash generated from operations as shown on the audited statements of cash flows filed with the

department of commerce during three of the last five years and cumulatively over the five-year period. If the self-insurer has been in existence less than five years, it shall have had cumulative cash generated from operations during the period of existence and in the most recent year.

(d) No entity shall be admitted as an individual self-insurer, or be allowed to continue its self-insurance authority, if the audit report for the most recent year includes an explanatory paragraph stating that the auditor has concluded that there is substantial doubt about the entity's ability to continue as a going concern.

Sec. 5. Minnesota Statutes 1990, section 79A.03, subdivision 7, is amended to read:

Subd. 7. [FINANCIAL STANDARDS.] A group proposing to self-insure shall have and maintain:

(a) A combined net worth of all of the members of an amount at least equal to the greater of ten times the retention selected with the workers' compensation reinsurance association or one-third of the current annual modified premium of the members. ~~The requirements of this paragraph shall be modified if the self-insurer can demonstrate that through excess insurance, other than coverage provided by the workers' compensation reinsurance association, it can pay expected losses.~~

(b) Sufficient assets, net worth, and liquidity to promptly and completely meet all obligations of its members under chapter 176 or this chapter. In determining whether a group is in sound financial condition, consideration shall be given to the combined net worth of the member companies; the consolidated long-term and short-term debt to equity ratios of the member companies; any excess insurance other than reinsurance with the workers' compensation reinsurance association, purchased by the group from an insurer licensed in Minnesota or from an authorized surplus line carrier; other financial data requested by the commissioner or submitted by the group; and the combined workers' compensation experience of the group for the last four years.

Sec. 6. Minnesota Statutes 1990, section 79A.03, subdivision 9, is amended to read:

Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation shall be reported to the commissioner by each self-insurer on a calendar year basis, in a manner and on forms available from the commissioner. Payroll information must be filed by April 1 of the following year, and loss information and total workers' compensation liability must be filed by August 1 of the following year.

(b) Each self-insurer shall, under oath, attest to the accuracy of each report submitted pursuant to paragraph (a). Upon sufficient cause, the commissioner shall require the self-insurer to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors: where the losses reported appear significantly different from similar types of businesses; where major changes in the reports exist from year to year, which are not solely attributable to

economic factors; or where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of that employer. If any discrepancy is found, the commissioner shall require changes in the self-insurer's or workers' compensation service company record keeping practices.

(c) With the annual loss report due August 1, each self-insurer shall report to the commissioner any workers' compensation claim from the previous year where the full, undiscounted value is estimated to exceed $50,000, in a manner and on forms prescribed by the commissioner.

(d) Each individual self-insurer shall, within four months after the end of its fiscal year, annually file with the commissioner its latest 10K report required by the Securities and Exchange Commission. If an individual self-insurer does not prepare a 10K report, it shall file an annual certified financial statement, together with such other financial information as the commissioner may require to substantiate data in the financial statement.

(e) ~~Each group self-insurer shall, within four months after the end of the fiscal year for that group, annually file a statement showing the combined net worth of its members based upon an accounting review performed by a certified public accountant, together with such other financial information the commissioner may require to substantiate data in the group's summary statement.~~ *Each member of the group shall, within four months after the end of each fiscal year for that group, file the most recent annual financial statement, reviewed by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards, or audited in accordance with generally accepted auditing standards, together with such other financial information the commissioner may require. In addition, the group shall file, within four months after the end of each fiscal year for that group, combining financial statements of the group members, compiled by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards. The combining financial statements shall include, but not be limited to, a balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Each combining financial statement shall include a column for each individual group member along with a total column.*

Where a group has 50 or more members, the group shall file, in lieu of the combining financial statements, a combined financial statement showing only the total column for the entire group's balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Additionally, the group shall disclose, for each member, the total assets, net worth, revenue, and income for the most recent fiscal year. The combining and combined financial statements may omit all footnote disclosures.

(f) In addition to the financial statements required by paragraphs (d) and (e), interim financial statements or 10Q reports required by the Securities and Exchange Commission may be required by the commissioner upon an indication that there has been deterioration in the self-insurer's financial condition, including a worsening of current ratio, lessening of net worth, net loss of income, the downgrading of the company's bond rating, or any other significant change that may adversely affect the self-insurer's ability to pay expected losses. Any self-insurer that files an 8K report with the Securities and Exchange Commission shall also file a copy of the report

with the commissioner within 30 days of the filing with the Securities and Exchange Commission.

Sec. 7. Minnesota Statutes 1990, section 79A.04, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the private self-insurer's estimated future liability. Up to ten percent of that deposit may be used to secure payment of all administrative and legal costs relating to or arising from the employer's self-insuring. As used in this section, "private self-insurers' estimated future liability" means the private self-insurers' total of estimated future liability as determined by a member of the casualty actuarial society ~~every two years for nongroup member private self-insurers, and~~ every year for group member private self-insurers *and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years. After the first five years, the nongroup member's total shall be as determined by a member of the casualty actuarial society every two years, and each such actuarial study shall include a projection of future losses during the two-year period until the next scheduled actuarial study, less payments anticipated to be made during that time*. Estimated future liability is determined by first taking the total amount of the self-insured's future liability of workers' compensation claims and then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits or second injury benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits or second injury benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the reports required thereunder are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the last retention limit selected by the self-insurer with the workers' compensation reinsurance association. The posting or depositing of security pursuant to this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Sec. 8. Minnesota Statutes 1990, section 79A.06, subdivision 5, is amended to read:

Subd. 5. [PRIVATE EMPLOYERS WHO HAVE CEASED TO BE SELF-INSURED.] Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to

transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period, the policy will discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy. The policy may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (a) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (b) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the ~~last full~~ calendar year ~~of self-insurance on claims incurred during that year~~ *immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.*

In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 303.13, subdivision 1, clause (3), or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state.

Sec. 9. [79A.071] [CUSTODIAL ACCOUNTS.]

Subdivision 1. [DEPOSIT.] *All securities shall be deposited with the state treasurer or in a custodial account with a depository institution acceptable to the state treasurer. Surety bonds shall be filed with the commissioner. The commissioner and the state treasurer may sell or collect, in the case of default of the employer or fund, the amount that yields sufficient funds to pay compensation due under the workers' compensation act.*

Subd. 2. [ASSIGNMENT.] *Securities in physical form deposited with the state treasurer must bear the following assignment, which shall be signed by an officer, partner, or owner: "Assigned to the state of Minnesota for the benefit of injured employees of the self-insured employer under the Minnesota workers' compensation act." Any securities held in a custodial account, whether in physical form, book entry, or other form, need not bear the assignment language. The instrument or contract creating and governing any custodial account must contain the following assignment language: "This account is assigned to the state treasurer by the Company to pay compensation and perform the obligations of employers imposed under Minnesota Statutes, chapter 176. A depositor or other party has no right, title, or interest in the security deposited in the account until released by the*

state."

Subd. 3. [CUSTODY.] *All securities in physical form on deposit with the state treasurer and surety bonds on deposit shall remain in the custody of the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in the workers' compensation act. All original instruments and contracts creating and governing custodial accounts shall remain with the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in the workers' compensation act.*

Subd. 4. [RELEASE.] *No securities in physical form on deposit with the state treasurer or custodial accounts assigned to the state shall be released without an order from the commissioner.*

Subd. 5. [EXCHANGING OR REPLACING.] *Any securities deposited with the state treasurer or with a custodial account assigned to the state treasurer or surety bonds held by the commissioner may be exchanged or replaced by the depositor with other acceptable securities or surety bonds of like amount so long as the market value of the securities or amount of the surety bond equals or exceeds the amount of deposit required. If securities are replaced by a surety bond, the self-insurer must maintain securities on deposit in an amount sufficient to meet all outstanding workers' compensation liability arising during the period covered by the deposit of the replaced securities, subject to the limitations on maximum security deposits established in Minnesota Rules.*

Sec. 10. Minnesota Statutes 1990, section 144.581, is amended by adding a subdivision to read:

Subd. 6. [WORKERS' COMPENSATION POOLS.] *Notwithstanding subdivision 2 and any other law to the contrary, public hospitals or organizations established under this section, and nursing homes, including those owned and operated by the state, a county, a municipality, or other governmental entity, may join with one another and with private hospitals or nursing homes to form and operate a group workers' compensation self-insurer pool. Any such pool which contains one or more private employers as authorized by this section must apply for and receive authority to group self-insure as a private group self-insurer under chapter 79A. All public or governmental entities who are members of that group shall be deemed to be private employers for purposes of chapter 79A.*

Sec. 11. [REPEALER.]

Minnesota Rules, part 2780.0400, subparts 2, 3, 6, 7, and 8, are repealed.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective August 1, 1992. For insurers that have Minnesota self-insurance authority on August 1, 1992, section 4 is effective August 1, 1995.

ARTICLE 6

INSURANCE REGULATION

Section 1. Minnesota Statutes 1990, section 79.58, is amended by adding a subdivision to read:

Subd. 3. [FLEX RATING.] *(a) Whenever an insurer files a change in its*

existing rate level that is greater than eight percent in a 12-month period, the commissioner may hold a hearing to determine if the rate is excessive. The hearing must be conducted as provided under chapter 14. The commissioner shall give notice of intent to hold a hearing within 60 days of the filing of the change. The commissioner of labor and industry may appear as an interested party at the hearing. At the hearing, the insurer has the responsibility of showing the rate is not excessive. The rate is effective unless it is determined as a result of the hearing that the rate is excessive. The disapproval of a rate under this subdivision must be done in the same manner as provided under section 70A.11.

(b) This subdivision applies only to changes resulting from an insurer's utilization of either (1) the pure premium base rate level filed by any data service organization plus the insurer's loading for expenses and profit, or (2) the insurer's own filed rate levels. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, benefit level changes, or other rates or rating plans utilized by an insurer.

ARTICLE 7

WORKERS' COMPENSATION COURT OF APPEALS

Section 1. Minnesota Statutes 1990, section 480A.06, subdivision 3, is amended to read:

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

Sec. 2. Minnesota Statutes 1990, section 480A.06, subdivision 4, is amended to read:

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

Sec. 3. [TRANSFER OF JURISDICTION AND PERSONNEL.]

The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 5, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.

Sec. 4. [INCREASED JUDGES.]

The number of judges on the court of appeals as of July 1, 1995, shall

be increased by five.

Sec. 5. [INSTRUCTION TO REVISOR.]

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

Sec. 6. [REPEALER.]

Minnesota Statutes 1990, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; and 175A.10, are repealed.

Sec. 7. [EFFECTIVE DATE.]

This article is effective July 1, 1995.

ARTICLE 8

COMMISSION ON WORKERS' COMPENSATION

Section 1. [175.0075] [COMMISSION ON WORKERS' COMPENSATION.]

Subdivision 1. [CREATION; COMPOSITION.] *(a) There is created a permanent commission on workers' compensation consisting of 12 voting members as follows: the presidents of the largest statewide Minnesota business and organized labor organizations as measured by employees represented on July 1, 1992, and every five years thereafter; five additional members representing business, and five additional members representing organized labor. The commissioner of labor and industry shall serve as chair of the commission and shall be a nonvoting member.*

(b) The governor, the majority leader of the senate, the speaker of the house of representatives, the minority leader of the senate, and the minority leader of the house of representatives shall each select a business and a labor representative. At least four of the labor representatives shall be chosen from the affiliated membership of the Minnesota AFL-CIO. At least two of the business representatives shall be representatives of small employers as defined in section 177.24, subdivision 1, paragraph (a), clause (2). None of the commission members shall represent attorneys, health care providers, qualified rehabilitation consultants, or insurance companies. If the appointing officials cannot agree on a method of appointing the required number of Minnesota AFL-CIO and small business representatives by the second Monday in June of the year in which appointments are made, they shall notify the secretary of state. The distribution of appointments shall then be determined publicly by lot by the secretary of state or a designee in the presence of the appointing officials or their designees on the third Monday in June.

(c) Each commission member shall appoint an alternate. Alternates shall serve in the absence of the member they replace.

(d) The ten appointed voting members shall serve for terms of five years and may be reappointed.

(e) The commission shall designate liaisons to the commission representing workers' compensation insurers; medical, hospital, and rehabilitation providers; and the legal profession. The speaker and minority leader of the house of representatives shall each appoint a caucus member as a liaison to the commission. The majority and minority leaders of the senate shall

each appoint a caucus member to serve as a liaison to the commission.

Subd. 2. [EXPENSES.] *Commission members shall serve without pay but are entitled to per diem and reimbursement for expenses as provided under section 15.059.*

Subd. 3. [DUTIES.] *(a) The commission shall examine all elements of Minnesota's system of workers' compensation and make recommendations to the legislature with respect to the development of a workers' compensation system that fairly and justly serves injured workers in this state, at a cost that is affordable by Minnesota employers. The commission shall also advise the department of labor and industry in carrying out the purposes of chapter 176.*

(b) In order to carry out its duties and responsibilities in an effective manner, the commission may consult with any government official or employee or other party.

(c) The commission shall submit its findings and recommendations to the legislature with respect to amendments to this chapter by February 1 of each year beginning February 1, 1993, and shall also report its views upon any pending bill relating to chapter 176 to the proper legislative committees.

(d) At the request of the chairs of the senate employment committee and the house of representatives labor-management relations committee, the commission shall meet with members of those respective committees to review and discuss matters of legislative concern arising under chapter 176.

Subd. 4. [MEETINGS; VOTING.] *(a) The commission shall meet as frequently as necessary to carry out its duties and responsibilities but not less than quarterly. The commission may also conduct public hearings throughout the state as necessary to give interested persons an opportunity to comment and make suggestions on the operation of the state's workers' compensation law.*

(b) The meetings of the commission are subject to the state's open meeting law, section 471.705; except that the six employer voting members and the six labor voting members may meet in separate closed caucuses for the purpose of deliberating on matters before the commission. All votes of the commission must be public and recorded.

Subd. 5. [EXECUTIVE DIRECTOR.] *(a) The commission shall employ an executive director for the commission, who shall be a state employee in the unclassified service and participate in the state unclassified employee retirement program. The range of salary and the salary level of the executive director shall be set by the commission. The executive director shall serve at the pleasure of the commission.*

(b) The executive director shall provide administrative support and information to the commission in order to allow it to monitor all elements of Minnesota's workers' compensation system. Specific duties of the executive director shall include:

(1) examining the activities of the various entities involved in Minnesota's workers' compensation system and identifying problem areas for the commission's consideration;

(2) identifying trends and developments in the workers' compensation law of other states, and reporting to the commission on issues that are developing and solutions that are being proposed or attempted;

(3) monitoring the decisions of Minnesota courts, including the workers' compensation court of appeals and the supreme court, to determine the impact of court decisions on the workers' compensation system;

(4) monitoring workers' compensation research activities and bringing important research findings and recommendations to the attention of the commission; and

(5) conducting other activities and duties as may be requested by the commission.

Subd. 6. [ADMINISTRATIVE SUPPORT.] *The commissioner of labor and industry shall supply necessary office space, supplies, and staff support to assist the commission and its executive director in their duties.*

Subd. 7. [CONSULTANTS.] *The commission may contract with outside consultants having recognized expertise in the field of workers' compensation as may be needed to perform its duties and responsibilities.*

Subd. 8. [APPROPRIATION.] *The annual operating costs incurred by the commission in carrying out its duties and responsibilities must be charged to the special compensation fund.*

Sec. 2. [APPROPRIATION.]

$150,000 is appropriated from the special compensation fund for the biennium ending June 30, 1993, to the commission on workers' compensation for the purposes of carrying out its duties and responsibilities under section 1. This appropriation is available until expended.

Sec. 3. [REPEALER.]

Minnesota Statutes 1990, section 175.007, is repealed.

Sec. 4. [EFFECTIVE DATE.]

This article takes effect July 1, 1992, except that section 1, subdivision 1, paragraph (b), takes effect June 1, 1992."

Delete the title and insert:

"A bill for an act relating to workers' compensation; providing for comprehensive reform; regulating benefits; providing for medical cost control; requiring improved safety measures; regulating attorneys; providing for more efficient administrative procedures; eliminating the second injury fund; regulating insurance; reforming the assigned risk plan; regulating fraud; abolishing the workers' compensation court of appeals; imposing penalties; amending Minnesota Statutes 1990, sections 79.251, by adding subdivisions; 79.252, subdivisions 1 and 3; 79.58, by adding a subdivision; 79A.02, by adding subdivisions; 79A.03, subdivisions 3, 4, 7, and 9; 79A.04, subdivision 2; 79A.06, subdivision 5; 144.581, by adding a subdivision; 176.011, subdivisions 3, 9, 11a, and 18; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, and 6; 176.102, subdivisions 1, 2, 4, 6, 9, and 11; 176.103, subdivisions 2, 3, and by adding a subdivision; 176.105, subdivision 1; 176.106, subdivision 6; 176.111, subdivision 18; 176.129, subdivision 10; 176.130, subdivisions 8 and 9; 176.132, subdivision 1; 176.135, subdivisions 1, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.137, subdivision 5; 176.138; 176.139, subdivision 2; 176.155, subdivision 1; 176.179; 176.181, subdivision 3, and by adding a subdivision; 176.182; 176.183; 176.185, subdivision 5a; 176.194, subdivisions 4 and 5; 176.221, subdivisions 3 and 3a; 176.231,

subdivision 10; 176.261; 176.421, subdivision 1; 176.461; 176.645, subdivisions 1 and 2; 176.83, subdivision 5, and by adding a subdivision; 176A.03, by adding a subdivision; 480A.06, subdivisions 3 and 4; 480B.01, subdivisions 1 and 10; 609.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 79; 79A; 175; and 176; repealing Minnesota Statutes 1990, sections 175.007; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; 176.131; 176.135, subdivision 3; and 176.136, subdivision 5."

CALL OF THE SENATE

Mr. Bertram imposed a call of the Senate for the balance of the proceedings on S.F. No. 2107. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Hottinger moved to amend the Chmielewski amendment to S.F. No. 2107 as follows:

Pages 1 to 87, delete articles 1 to 8 and insert:

"ARTICLE 1

BENEFITS

Section 1. Minnesota Statutes 1990, section 176.011, subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire including the following:

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, police officer, firefighter, county highway engineer, and peace officer while engaged in the enforcement of peace or in the pursuit or capture of a person charged with or suspected of crime;

(4) a person requested or commanded to aid an officer in arresting or retaking a person who has escaped from lawful custody, or in executing legal process, in which cases, for purposes of calculating compensation under this chapter, the daily wage of the person shall be the prevailing wage for similar services performed by paid employees;

(5) a county assessor;

(6) an elected or appointed official of the state, or of a county, city, town, school district, or governmental subdivision in the state. An officer of a political subdivision elected or appointed for a regular term of office, or to complete the unexpired portion of a regular term shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(7) an executive officer of a corporation, except those executive officers excluded by section 176.041;

(8) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioners of human services and corrections similar to those of officers and employees of the institutions, and whose services have been accepted or contracted for by the commissioner of human services or corrections as authorized by law. In the event

of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(9) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision of it. The daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed by paid employees;

(10) a voluntary uncompensated worker participating in a program established by a county welfare board. In the event of injury or death of the worker, the wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid in the county at the time of the injury or death for similar services performed by paid employees working a normal day and week;

(11) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089. The daily wage of the worker for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

(12) *a voluntary uncompensated worker in the building and construction industry who renders services for joint labor-management nonprofit community service projects. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;*

~~(12)~~ *(13)* a member of the military forces, as defined in section 190.05, while in state active service, as defined in section 190.05, subdivision 5a. The daily wage of the member for the purpose of calculating compensation under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

~~(13)~~ *(14)* a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138. The daily wage of the worker, for the purposes of calculating compensation under this chapter, shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

~~(14)~~ *(15)* a voluntary uncompensated worker, other than a student, who renders services at the Minnesota state academy for the deaf or the Minnesota state academy for the blind, and whose services have been accepted or contracted for by the state board of education, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(15)~~ *(16)* a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating

compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(16)~~ *(17)* a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of human services for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose;

~~(17)~~ *(18)* students enrolled in and regularly attending the medical school of the University of Minnesota in the graduate school program or the postgraduate program. The students shall not be considered employees for any other purpose. In the event of the student's injury or death, the weekly wage of the student for the purpose of calculating compensation under this chapter, shall be the annualized educational stipend awarded to the student, divided by 52 weeks. The institution in which the student is enrolled shall be considered the "employer" for the limited purpose of determining responsibility for paying benefits under this chapter;

~~(18)~~ *(19)* a faculty member of the University of Minnesota employed for an academic year is also an employee for the period between that academic year and the succeeding academic year if:

(a) the member has a contract or reasonable assurance of a contract from the University of Minnesota for the succeeding academic year; and

(b) the personal injury for which compensation is sought arises out of and in the course of activities related to the faculty member's employment by the University of Minnesota;

~~(19)~~ *(20)* a worker who performs volunteer ambulance driver or attendant services is an employee of the political subdivision, nonprofit hospital, nonprofit corporation, or other entity for which the worker performs the services. The daily wage of the worker for the purpose of calculating compensation under this chapter shall be the usual wage paid at the time of injury or death for similar services performed by paid employees;

~~(20)~~ *(21)* a voluntary uncompensated worker, accepted by the commissioner of administration, rendering services as a volunteer at the department of administration. In the event of injury or death of the worker, the daily wage of the worker, for the purpose of calculating compensation under this chapter, shall be the usual wage paid at the time of the injury or death for similar services performed in institutions by paid employees;

~~(21)~~ *(22)* a voluntary uncompensated worker rendering service directly to the pollution control agency. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees; and

~~(22)~~ *(23)* a voluntary uncompensated worker while volunteering services as a first responder or as a member of a law enforcement assistance organization while acting under the supervision and authority of a political subdivision. The daily wage of the worker for the purpose of calculating compensation payable under this chapter is the usual going wage paid at the time of injury or death for similar services if the services are performed by paid employees.

If it is difficult to determine the daily wage as provided in this subdivision, the trier of fact may determine the wage upon which the compensation is

payable.

Sec. 2. Minnesota Statutes 1990, section 176.011, subdivision 11a, is amended to read:

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

(1) less than $8,000; or

(2) less than the statewide average annual wage as described in subdivision 20 when the farm operation has total liability and medical payment coverage equal to $300,000 and $5,000, respectively, under a farm liability insurance policy, and the policy covers injuries to farm laborers.

(b) For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 3. Minnesota Statutes 1990, section 176.101, subdivision 1, is amended to read:

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

~~(1) provided that~~ *(b)* During the year commencing on October 1, ~~1979~~ *1992*, and each year thereafter, ~~commencing on October 1,~~ the maximum weekly compensation payable is *105 percent of* the statewide average weekly wage for the period ending December 31~~;~~ of the preceding year.

~~(2)~~ *(c)* The minimum weekly compensation ~~benefits for temporary total disability shall be not less than 50~~ *payable is 20* percent of the statewide average weekly wage *for the period ending December 31 of the preceding year* or the injured employee's actual weekly wage, whichever is less. ~~In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

(d) Subject to subdivisions 3a to 3u this compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be.

Sec. 4. Minnesota Statutes 1990, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] *(a)* In all cases of temporary partial disability the compensation shall be 66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition. This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to ~~a~~ *the* maximum

~~compensation equal to the statewide average weekly wage~~ *rate for temporary total compensation.*

(b) Except as provided under subdivision 3k, temporary partial compensation may be paid only while the employee is employed, earning less than the employee's weekly wage at the time of the injury, and the reduced wage the employee is able to earn in the employee's partially disabled condition is due to the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid for more than 225 weeks, or after 450 weeks after the date of injury, whichever occurs first.

(c) Temporary partial compensation must be reduced to the extent that the wage the employee is able to earn in the employee's partially disabled condition plus the temporary partial disability payment otherwise payable under this subdivision exceeds 500 percent of the statewide average weekly wage.

Sec. 5. Minnesota Statutes 1990, section 176.101, subdivision 5, is amended to read:

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

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties~~.~~; or

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

(b) For purposes of paragraph (a), clause (2), "totally and permanently incapacitated" means that the employee's physical disability, in combination with the employee's age, education, training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income.

(c) The labor market for making the determination under paragraph (a), clause (2), is the statewide labor market if the employer offers to pay the reasonable moving expenses of the employee to move to new employment located at a distance greater than 30 miles from the employee's current residence and if a retraining assessment by a qualified rehabilitation consultant has been conducted and finds the employee not retrainable for available employment in the local labor market. "Reasonable moving expenses" include, without limitation, the realtor's commission charged the employee for selling the employee's principal residence from which the employee moves. This paragraph does not apply to employees 60 years of age or older at the time of injury.

Sec. 6. Minnesota Statutes 1990, section 176.101, is amended by adding a subdivision to read:

Subd. 5a. [MOVED EMPLOYEE BENEFIT.] *An employee who is eligible for moving expenses under subdivision 5, paragraph (c), and who moves and starts a new job is eligible for the benefit provided by this subdivision. If an employee loses the job the employee moved to take at any time within 18 months of moving, the employee shall be paid a weekly benefit equal to the weekly temporary total benefit the employee last received prior to the*

move. No benefit is payable under this subdivision for any week commencing 18 months or more after the move. The benefit under this subdivision is not payable if the employee lost the job for reasons that would disqualify an individual from unemployment benefits in this state.

Sec. 7. Minnesota Statutes 1990, section 176.101, subdivision 6, is amended to read:

Subd. 6. [MINORS; *APPRENTICES.*] *(a)* If any employee entitled to the benefits of this chapter is ~~a minor or is~~ an apprentice of any age and sustains a personal injury arising out of and in the course of employment resulting in permanent total or a compensable permanent partial disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for temporary total, temporary partial, a permanent total disability or economic recovery compensation shall be the ~~statewide average weekly wage~~ *maximum rate for temporary total disability under subdivision 1.*

(b) If any employee entitled to the benefits of this chapter is a minor and sustains a personal injury arising out of and in the course of employment resulting in permanent total disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for a permanent total disability shall be the maximum rate for temporary total disability under subdivision 1.

Sec. 8. Minnesota Statutes 1990, section 176.101, subdivision 8, is amended to read:

Subd. 8. [RETIREMENT ~~PRESUMPTION~~.] *Temporary total disability payments shall cease at retirement. "Retirement" means that a preponderance of the evidence supports a conclusion that an employee has retired. The subjective statement of an employee that the employee is not retired is not sufficient in itself to rebut objective evidence of retirement but may be considered along with other evidence.*

For injuries occurring after the effective date of this subdivision an employee who receives social security old age and survivors insurance retirement benefits is presumed retired from the labor market. This presumption is rebuttable by a preponderance of the evidence.

Sec. 9. Minnesota Statutes 1990, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; *COMPENSATION.*] *(a)* Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition the commissioner *or compensation judge* for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner *or compensation judge* determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner may award additional compensation in an amount ~~the commissioner determines is appropriate,~~ not to exceed the employee's request. This additional compensation shall cease at any time the commissioner *or compensation judge* determines the special circumstances are no longer present.

(b) If the employee is not employed during a retraining plan that has been specifically approved under this section, temporary total compensation is payable for up to 90 days after the end of the retraining plan; except that, payment during the 90-day period is subject to cessation in accordance

with section 176.101. If the employee is employed during the retraining plan but earning less than at the time of injury, temporary partial compensation is payable at the rate of 66-2/3 percent of the difference between the employee's weekly wage at the time of injury and the weekly wage the employee is able to earn in the employee's partially disabled condition, subject to the maximum rate for temporary total compensation. Temporary partial compensation is not subject to the 225-week or 450-week limitations provided by section 176.101, subdivision 2, during the retraining plan, but is subject to those limitations before and after the plan.

Sec. 10. Minnesota Statutes 1990, section 176.111, subdivision 18, is amended to read:

Subd. 18. [BURIAL EXPENSE.] In all cases where death results to an employee from a personal injury arising out of and in the course of employment, the employer shall pay the expense of burial, not exceeding in amount ~~$2,500~~ *$7,500*. In case any dispute arises as to the reasonable value of the services rendered in connection with the burial, its reasonable value shall be determined and approved by the commissioner, a compensation judge, or workers' compensation court of appeals, in cases upon appeal, before payment, after reasonable notice to interested parties as is required by the commissioner. If the deceased leaves no dependents, no compensation is payable, except as provided by this chapter.

Sec. 11. Minnesota Statutes 1990, section 176.132, subdivision 1, is amended to read:

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

(b) An employee who has suffered personal injury after October 1, 1983, *and before October 1, 1992*, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person *who has suffered personal injury on or after October 1, 1983, and before October 1, 1992*, who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

(c) An employee who has suffered a personal injury on or after October 1, 1992, and is permanently totally disabled as defined in section 176.101, subdivisions 4 and 5, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving permanent total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

Sec. 12. Minnesota Statutes 1990, section 176.179, is amended to read:

176.179 [~~PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH~~ *RECOVERY OF OVERPAYMENTS.*]

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division, a compensation judge, or court of appeals relative to a claim by an injured employee or the employee's survivors, and received in good faith by the employee or the employee's survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a full credit against future lump sum benefit entitlement and as a partial credit against future weekly benefits. The credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits, death benefits, or weekly payments of economic recovery or impairment compensation shall not exceed 20 percent of the amount that would otherwise be payable.

A credit may not be applied against medical expenses due or payable.

Where the commissioner or compensation judge determines that the mistaken compensation was not received in good faith, the commissioner or compensation judge may order reimbursement of the compensation. For purposes of this section, a payment is not received in good faith if it is obtained through fraud, or if the employee knew that the compensation was paid under mistake of fact or law, and the employee has not refunded the mistaken compensation.

Sec. 13. Minnesota Statutes 1990, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on *or after* October 1, 1977 ~~or thereafter~~, *but prior to October 1, 1992*, under this section shall exceed six percent a year~~.~~*;* in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be six percent. *No adjustment increase made on or after October 1, 1992, under this section shall exceed four percent a year; in those instances where*

the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be four percent.

Sec. 14. Minnesota Statutes 1990, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ *is* deferred until the first anniversary of the date of the injury. *For injuries occurring on or after October 1, 1992, the initial adjustment under subdivision 1 is deferred until the second anniversary of the date of the injury.*

Sec. 15. [EFFECTIVE DATE.]

Section 2 is effective January 1, 1993. The rest of the article is effective October 1, 1992.

ARTICLE 2

LEGAL AND JUDICIAL

Section 1. Minnesota Statutes 1990, section 176.081, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL.] (a) A fee for legal services of 25 percent of the first $4,000 of compensation awarded to the employee and 20 percent of the next ~~$27,500~~ *$60,000* of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause (b).~~ *paragraph (d). All fees must be calculated according to the formula under this subdivision, or earned in hourly fees for representation at discontinuance conferences under section 176.239, or earned in hourly fees for representation on rehabilitation or medical issues under section 176.102, 176.135, or 176.136. Attorney fees for recovery of medical or rehabilitation benefits or services shall be assessed against the employer or insurer if these fees exceed the contingent fee under this section in connection with benefits currently in dispute. The amount of the fee that the employer or insurer is liable for is the amount determined under subdivision 5, minus the contingent fee.*

(b) All fees for legal services related to the same injury are cumulative and may not exceed $13,000, except as provided by subdivision 2. If multiple injuries are the subject of a dispute, the commissioner, compensation judge, or court of appeals shall specify the attorney fee attributable to each injury.

(c) If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed *claims or* portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under section 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

~~(b)~~ *(d)* An attorney who is claiming legal fees ~~under this section~~ *for representing an employee in a workers' compensation matter* shall file a statement of ~~attorney's~~ *attorney* fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement

shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner, *shall report the number of hours spent on the case,* and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee.

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

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

(e) Employers and insurers may not pay attorney fees or wages for legal services of more than $13,000 per case unless the additional fees or wages are approved under subdivision 2.

(f) Each insurer and self-insured employer shall file annual statements with the commissioner detailing the total amount of legal fees and other legal costs incurred by the insurer or employer during the year. The statement shall include the amount paid for outside and in-house counsel, deposition and other witness fees, and all other costs relating to litigation.

Sec. 2. Minnesota Statutes 1990, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and~~, *the number of hours spent on the case,* the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the employee, shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 3. Minnesota Statutes 1990, section 176.081, subdivision 3, is amended to read:

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

attorney fees.

Sec. 4. Minnesota Statutes 1990, section 176.105, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE; RULES.] *(a)* The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *Disability ratings under the schedule for permanent partial disability must be based on objective medical evidence. The commissioner, in consultation with the medical services review board, shall periodically review the rules adopted under this paragraph to determine whether any injuries omitted from the schedule should be included and amend the rules accordingly.*

(b) No permanent partial disability compensation shall be payable except in accordance with the disability ratings established under this subdivision, except as provided in paragraph (c). The schedule may provide that minor impairments receive a zero rating.

(c) If an injury for which there is objective medical evidence is not rated by the permanent partial disability schedule, the unrated injury must be assigned and compensated for at the rating for the most similar condition that is rated.

Sec. 5. [176.1311] [SECOND INJURY FUND DATA.]

No person shall, directly or indirectly, provide the names of persons who have registered a preexisting physical impairment under section 176.131 to an employer with the intent of assisting the employer to discriminate against those persons who have so registered with respect to hiring or other terms and conditions of employment.

A violation of this section is a gross misdemeanor.

Sec. 6. [176.178] [FRAUD.]

Any person who, with intent to defraud, receives workers' compensation benefits to which the person is not entitled by knowingly misrepresenting, misstating, or failing to disclose any material fact is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3.

Sec. 7. [176.2615] [SMALL CLAIMS COURT.]

Subdivision 1. [PURPOSE.] *There is established in the department of labor and industry a small claims court, to be presided over by settlement judges for the purpose of settling small claims.*

Subd. 2. [ELIGIBILITY.] *The claim is eligible for determination in the small claims court if all parties agree to submit to its jurisdiction; and*

(1) the claim is for rehabilitation benefits only under section 176.102 or medical benefits only under section 176.135; or

(2) the claim in its total amount does not equal more than $5,000; or

(3) where the claim is for apportionment or for contribution or reimbursement, no counterclaim in excess of $5,000 is asserted.

Subd. 3. [TESTIMONY; EXHIBITS.] *At the hearing a settlement judge shall hear the testimony of the parties and consider any exhibits offered by them and may also hear any witnesses introduced by either party.*

Subd. 4. [APPEARANCE OF PARTIES.] *A party may appear on the*

party's own behalf without an attorney, or may retain and be represented by a duly admitted attorney who may participate in the hearing to the extent and in the manner that the settlement judge considers helpful. Attorney fees awarded under this subdivision are included in the overall limit allowed under section 176.081, subdivision 1.

Subd. 5. [EVIDENCE ADMISSIBLE.] *At the hearing the settlement judge shall receive evidence admissible under the rules of evidence. In addition, in the interest of justice and summary determination of issues before the court, the settlement judge may receive, in the judge's discretion, evidence not otherwise admissible. The settlement judge, on the judge's own motion, may receive into evidence any documents which have been filed with the department.*

Subd. 6. [SETTLEMENT.] *A settlement judge may attempt to conciliate the parties. If the parties agree on a settlement, the judge shall issue an order in accordance with that settlement.*

Subd. 7. [DETERMINATION.] *If the parties do not agree to a settlement, the settlement judge shall summarily hear and determine the issues and issue an order in accordance with section 176.305, subdivision 1a. There is no appeal from the order. Any determination by a settlement judge may not be considered as evidence in any other proceeding and the issues decided are not res judicata in any other proceeding.*

Subd. 8. [COSTS.] *The prevailing party is entitled to costs and disbursements as in any other workers' compensation case.*

Sec. 8. [176.307] [COMPENSATION JUDGES; BLOCK SYSTEM.]

The chief administrative law judge must assign workers' compensation cases to compensation judges using a block system type of assignment that, among other things, ensures that a case will remain with the same judge from commencement to conclusion unless the judge is removed from the case by exercise of a legal right of a party or by incapacity. The block system must be the principal means of assigning cases, but it may be supplemented by other systems of case assignment to ensure that cases are timely decided.

Sec. 9. [176.325] [CERTIFIED QUESTION.]

Subdivision 1. [WHEN CERTIFIED.] *The chief administrative law judge or commissioner may certify a question of workers' compensation law to the supreme court as important and doubtful under the following circumstances:*

(1) all parties to the case have stipulated in writing to the facts; and

(2) the issue to be resolved is a question of workers' compensation law that has not been resolved by the Minnesota supreme court.

Subd. 2. [EXPEDITED DECISION.] *It is the legislature's intent that the Minnesota supreme court resolve the certified question as expeditiously as possible, after compliance by the parties with any requirements of the Minnesota supreme court regarding submission of legal memoranda, oral argument, or other matters, and after the participation of amicus curiae, should the workers' compensation court of appeals or Minnesota supreme court consider such participation advisable.*

Subd. 3. [NOTICE.] *The commissioner or chief administrative law judge shall notify all persons who request to be notified of a certification under this section.*

Sec. 10. Minnesota Statutes 1990, section 176.421, subdivision 1, is amended to read:

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

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

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

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

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

Sec. 11. Minnesota Statutes 1990, section 176.461, is amended to read:

176.461 [SETTING ASIDE AWARD.]

Except when a writ of certiorari has been issued by the supreme court and the matter is still pending in that court or if as a matter of law the determination of the supreme court cannot be subsequently modified, the workers' compensation court of appeals, for cause, at any time after an award, upon application of either party and not less than five working days after written notice to all interested parties, may set the award aside and grant a new hearing and refer the matter for a determination on its merits to the chief administrative law judge for assignment to a compensation judge, who shall make findings of fact, conclusions of law, and an order of award or disallowance of compensation or other order based on the pleadings and the evidence produced and as required by the provisions of this chapter or rules adopted under it.

As used in this section, the phrase "for cause" is limited to the following:

(1) a mutual mistake of fact;

(2) newly discovered evidence;

(3) fraud; or

(4) a substantial change in medical condition since the time of the award that was clearly not anticipated and could not reasonably have been anticipated at the time of the award.

Sec. 12. Minnesota Statutes 1990, section 480B.01, subdivision 1, is amended to read:

Subdivision 1. [JUDICIAL VACANCIES.] If a judge of the district court *or workers' compensation court of appeals* dies, resigns, retires, or is removed during the judge's term of office, or if a new district *or workers' compensation court of appeals* judgeship is created, the resulting vacancy must be filled by the governor as provided in this section.

Sec. 13. Minnesota Statutes 1990, section 480B.01, subdivision 10, is amended to read:

Subd. 10. [NOTICE TO THE PUBLIC.] Upon receiving notice from the governor that a judicial vacancy has occurred or will occur on a specified

date, the chair shall provide notice of the following information:

(1) the office that is or will be vacant;

(2) that applications from qualified persons or on behalf of qualified persons are being accepted by the commission;

(3) that application forms may be obtained from the governor or the commission at a named address; and

(4) that application forms must be returned to the commission by a named date.

For a district court vacancy, the notice must be made available to attorney associations in the judicial district where the vacancy has occurred or will occur and to at least one newspaper of general circulation in each county in the district. *For a workers' compensation court of appeals vacancy, the notice must be given to state attorney associations and all forms of the public media.*

Sec. 14. Minnesota Statutes 1990, section 609.52, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING THEFT.] Whoever does any of the following commits theft and may be sentenced as provided in subdivision 3:

(1) intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property; or

(2) having a legal interest in movable property, intentionally and without consent, takes the property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) obtains for the actor or another the possession, custody, or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(a) the issuance of a check, draft, or order for the payment of money, except a forged check as defined in section 609.631, or the delivery of property knowing that the actor is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(b) a promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

(c) the preparation or filing of a claim for reimbursement, a rate application, or a cost report used to establish a rate or claim for payment for medical care provided to a recipient of medical assistance under chapter 256B, which intentionally and falsely states the costs of or actual services provided by a vendor of medical care; or

(d) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 which intentionally and falsely states the costs of or actual treatment

or supplies provided; or

(e) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 for treatment or supplies that the provider knew were medically unnecessary, inappropriate, or excessive; or

(4) by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person; or

(5) intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and:

(a) the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner; or

(b) the actor pledges or otherwise attempts to subject the property to an adverse claim; or

(c) the actor intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to the finder's own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to the owner; or

(7) intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to the actor's own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally and without claim of right converts the same to the actor's own use or that of another person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to the defendant from a source other than the owner of the trade secret; or

(9) leases or rents personal property under a written instrument and who with intent to place the property beyond the control of the lessor conceals or aids or abets the concealment of the property or any part thereof, or any lessee of the property who sells, conveys, or encumbers the property or any part thereof without the written consent of the lessor, without informing the person to whom the lessee sells, conveys, or encumbers that the same is subject to such lease and with intent to deprive the lessor of possession thereof. Evidence that a lessee used a false or fictitious name or address in obtaining the property or fails or refuses to return the property to lessor within five days after written demand for the return has been served personally in the manner provided for service of process of a civil action or sent by certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to the person at the address for the person set forth in the lease or rental agreement, or, in the absence of the address, to the person's last known place of residence; or

(10) alters, removes, or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes, or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal, or obliteration; or

(11) with the intent to prevent the identification of property involved, so as to deprive the rightful owner of possession thereof, alters or removes any permanent serial number, permanent distinguishing number or manufacturer's identification number on personal property or possesses, sells or buys any personal property with knowledge that the permanent serial number, permanent distinguishing number or manufacturer's identification number has been removed or altered; or

(12) intentionally deprives another of a lawful charge for cable television service by:

(i) making or using or attempting to make or use an unauthorized external connection outside the individual dwelling unit whether physical, electrical, acoustical, inductive, or other connection, or by

(ii) attaching any unauthorized device to any cable, wire, microwave, or other component of a licensed cable communications system as defined in chapter 238. Nothing herein shall be construed to prohibit the electronic video rerecording of program material transmitted on the cable communications system by a subscriber for fair use as defined by Public Law Number 94-553, section 107; or

(13) except as provided in paragraphs (12) and (14), obtains the services of another with the intention of receiving those services without making the agreed or reasonably expected payment of money or other consideration; or

(14) intentionally deprives another of a lawful charge for telecommunications service by:

(i) making, using, or attempting to make or use an unauthorized connection whether physical, electrical, by wire, microwave, radio, or other means to a component of a local telecommunication system as provided in chapter 237; or

(ii) attaching an unauthorized device to a cable, wire, microwave, radio, or other component of a local telecommunication system as provided in chapter 237.

The existence of an unauthorized connection is prima facie evidence that the occupier of the premises:

(i) made or was aware of the connection; and

(ii) was aware that the connection was unauthorized; or

(15) with intent to defraud, diverts corporate property other than in accordance with general business purposes or for purposes other than those specified in the corporation's articles of incorporation; or

(16) with intent to defraud, authorizes or causes a corporation to make a distribution in violation of section 302A.551, or any other state law in conformity with it; or

(17) intentionally takes or drives a motor vehicle without the consent of

the owner or an authorized agent of the owner.

Sec. 15. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF CHIEF ADMINISTRATIVE LAW JUDGE.]

The chief administrative law judge shall reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours, and nearly all of the hearings in less than one day. Before January 1, 1993, the chief administrative law judge shall report to the legislature on the success in meeting these goals, including any recommendations for legislation needed to achieve these goals.

Sec. 16. [EFFECTIVE DATE.]

Section 4 is effective the day following final enactment. The rest of the article is effective July 1, 1992.

ARTICLE 3

ADMINISTRATIVE, SAFETY, INSURANCE

Section 1. [79.081] [MANDATORY DEDUCTIBLES.]

Subdivision 1. [PREMIUM REDUCTION.] *Each insurer, including the assigned risk plan, issuing a policy of insurance, must make available to an employer, upon request, the option to agree to pay an amount per claim selected by the employer and specified in the policy toward the total of any claim payable under chapter 176. The amount of premium to be paid by an employer who selects a policy with a deductible shall be reduced based upon a rating schedule or rating plan filed with and approved by the commissioner of commerce. Administration of claims shall remain with the insurer as provided in the terms and conditions of the policy. Each insurer shall notify its agents authorized to write workers' compensation insurance about the availability and terms and conditions of deductibles required by this section, using a brochure in a format approved by the commissioner.*

Subd. 2. [PROCEDURE FOR PAYING DEDUCTIBLE.] *If an insured employer chooses a deductible, the insured employer is liable for the amount of the deductible. The insurer shall administer the claim as provided in the terms and conditions of the insurance policy and seek reimbursement from the insured employer for the deductible. The payment or nonpayment of deductible amounts by the insured employer to the insurer shall be treated under the policy insuring the liability for workers' compensation in the same manner as payment or nonpayment of premiums.*

Subd. 3. [CREDIT RISK; EXCEPTION.] *An insurer is not required to offer a deductible to an employer if, as a result of a credit investigation, the insurer determines that the employer is not sufficiently financially stable to be responsible for the payment of deductible amounts.*

Subd. 4. [REPORTING REQUIREMENT.] *The existence of an insurance contract with a deductible or the fact of payment as a result of a deductible does not affect the requirement of an employer to report an injury or death to an insurer or the commissioner of labor and industry.*

Subd. 5. [NO EMPLOYEE LIABILITY.] *Nothing in this section alters the obligation of the employer to provide the benefits required by this chapter. An employee is not responsible to pay all or a part of the deductible chosen by an employer.*

Sec. 2. [79.085] [SAFETY PROGRAMS.]

All insurers writing workers' compensation insurance in this state shall provide safety consultation services to each of their policyholders requesting the services in writing. Insurers shall notify each policyholder of the availability of those services and the telephone number and address where such services can be requested. The notification may be delivered with the policy of workers' compensation insurance.

Sec. 3. [79.096] [ACCESS TO RATE MAKING DATA.]

The rating association must make available for inspection on request of any person any data it possesses related to the calculation of indicated pure premium rates.

Sec. 4. Minnesota Statutes 1990, section 79.251, is amended by adding a subdivision to read:

Subd. 4a. [MEDICAL COST CONTAINMENT.] *The assigned risk plan must consider utilizing managed care plans certified under section 176.1351 with respect to its covered employees. In addition, the assigned risk plan must implement a medical cost containment program. The program must, at a minimum, include:*

(1) billings review to determine if claims are compensable under chapter 176;

(2) utilization of cost management specialists familiar with billing practice guidelines;

(3) review of treatment to determine if it is reasonable and necessary and has a reasonable chance to cure and relieve the employee's injury;

(4) a system to reduce billed charges to the maximum permitted by law or rule;

(5) review of medical care utilization; and

(6) reporting of health care providers suspected of providing unnecessary, inappropriate, or excessive services to the commissioner of labor and industry.

Sec. 5. Minnesota Statutes 1990, section 79.251, is amended by adding a subdivision to read:

Subd. 4b. [GROUPS.] *The assigned risk plan must create a program that attempts to group employers in the same or similar risk classification for purposes of group premium underwriting and claims management. The assigned risk plan must engage in extensive safety consultation with group members to reduce the extent and severity of injuries of group members. The consultation should include on-site inspections and specific recommendations as to safety improvements.*

Sec. 6. Minnesota Statutes 1990, section 79.252, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the assigned risk plan is to provide workers' compensation coverage to employers rejected by a *two nonaffiliated* licensed insurance ~~company~~ *companies*, pursuant to subdivision 2. *Each rejection must be in writing and must be obtained within 60 days before the date of application to the assigned risk plan. In addition, the rejections must also show the name of the insurance company and the*

representative contacted.

Sec. 7. Minnesota Statutes 1990, section 79.252, subdivision 3, is amended to read:

Subd. 3. [COVERAGE.] *(a)* Policies and contracts of coverage issued pursuant to section 79.251, subdivision 4, shall contain the usual and customary provisions of workers' compensation insurance policies, and shall be deemed to meet the mandatory workers' compensation insurance requirements of section 176.181, subdivision 2.

(b) Policies issued by the assigned risk plan pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The assigned risk plan review board may apply for and obtain any licensure required in any other state to issue that coverage.

Sec. 8. [79.253] [ASSIGNED RISK SAFETY ACCOUNT.]

Subdivision 1. [CREATION OF ACCOUNT.] *There is created the assigned risk safety account as a separate account in the special compensation fund in the state treasury. Income earned by funds in the account must be credited to the account. Principal and income of the account are annually appropriated to the commissioner of labor and industry and must be used for grants and loans under this section.*

Subd. 2. [USE OF FUNDS; SAFETY ASSESSMENTS.] *The assigned risk plan shall, through persons under contract with the plan, perform on-site surveys of employers insured by the assigned risk plan and recommend practices and equipment to employers designed to reduce the risk of injury to employees. The recommendations may include that the employer form a joint labor-management safety committee. The plan shall generally survey employers in the following priority:*

(1) employers with poor safety records for their industry based on their premium modification factor or other factors;

(2) employers whose workers' compensation premium classification assigned to the greatest portion of the payroll for the employer has a premium rate in the top 25 percent of premium rates for all classes; and

(3) all other employers.

Subd. 3. [INCENTIVES AND PENALTIES.] *The assigned risk plan shall develop a premium rating system subject to approval by the commissioner of commerce that provides a reduction in premium rates for employers that follow safety recommendations made under this section and an increase in rates for employers that do not. The system must be sensitive to the economic ability of an employer to implement particular recommendations.*

Subd. 4. [GRANTS AND LOANS.] *The commissioner of labor and industry may make grants or loans to employers for the cost of implementing safety recommendations made under this section.*

Subd. 5. [RULES.] *The commissioner of labor and industry may adopt rules necessary to implement this section.*

Sec. 9. [79.255] [WORKERS' COMPENSATION INSURANCE; LESSORS OF EMPLOYEES.]

Subdivision 1. [REGISTRATION REQUIRED.] *A corporation, partnership, sole proprietorship, or other business entity which provides staff, personnel, or employees to be employed in this state to other businesses pursuant to a lease arrangement or agreement shall, before becoming eligible to be issued a policy of workers' compensation insurance or becoming eligible to secure coverage on a multiple coordinated policies basis, register with the commissioner of commerce. The registration shall:*

(1) identify the name of the lessor;

(2) identify the address of the principal place of business of the lessor and the address of each office it maintains within this state;

(3) include the lessor's taxpayer or employer identification number;

(4) include a list by jurisdiction of each and every name that the lessor has operated under in the preceding five years including any alternative names and names of predecessors and, if known, successor business entities;

(5) include a list of each person or entity who owns a five percent or greater interest in the employee leasing business at the time of application and a list of each person who formerly owned a five percent or greater interest in the employee leasing company or its predecessors, successors, or alter egos in the preceding five years; and

(6) include a list of each and every cancellation or nonrenewal of workers' compensation insurance which has been issued to the lessor or any predecessor in the preceding five years. The list shall include the policy or certificate number, name of insurer or other provider of coverage, date of cancellation, and reason for cancellation. If coverage has not been canceled or nonrenewed, the registration shall include a sworn affidavit signed by the chief executive officer of the lessor attesting to that fact.

Subd. 2. [INELIGIBILITY TO REGISTER.] *Any lessor of employees whose workers' compensation insurance has been terminated within the past five years in any jurisdiction due to a determination that an employee leasing arrangement was being utilized to avoid premium otherwise payable by lessees shall be ineligible to register with the commissioner or to remain registered, if previously registered.*

Subd. 3. [NOTICE OF CHANGE.] *Persons filing registration statements pursuant to this section shall notify the commissioner as to any changes in any information required to be provided under this section.*

Subd. 4. [LIST MAINTAINED.] *The commissioner shall maintain a list of those lessors of employees who are registered with the commissioner.*

Subd. 5. [FORMS OF REGISTRATION.] *The commissioner may prescribe forms necessary to promote the efficient administration of this section.*

Subd. 6. [ADVERTISING PROHIBITION.] *No organization registered under this section shall directly or indirectly reference that registration in any advertisements, marketing material, or publications.*

Subd. 7. [CRIMINAL PENALTIES.] *Any corporation, partnership, sole proprietorship, or other form of business entity and any officer, director, general partner, agent, representative, or employee of theirs who knowingly utilizes or participates in any employee leasing agreement, arrangement, or mechanism for the purpose of depriving one or more insurers of premium otherwise properly payable is guilty of a misdemeanor.*

Subd. 8. [APPLICATION OF SECTION.] *Any lessor of employees that was doing business in this state prior to enactment of this section shall register with the commissioner within 30 days of the effective date of this section.*

Sec. 10. Minnesota Statutes 1990, section 175.007, is amended to read:

175.007 [ADVISORY COUNCIL ON WORKERS' COMPENSATION; CREATION.]

Subdivision 1. [CREATION; COMPOSITION.] ~~The commissioner shall appoint an advisory council on workers' compensation, which consists of five representatives of employers and five representatives of employees; five nonvoting members representing the general public; two persons who have received or are currently receiving workers' compensation benefits under chapter 176 and the chairs of the rehabilitation review panel and the medical services review board. The council may consult with any party it desires.~~ *(a) There is created a permanent council on workers' compensation consisting of 12 voting members as follows: the presidents of the largest statewide Minnesota business and organized labor organizations as measured by memberships on July 1, 1992, and every five years thereafter; five additional members representing business, and five additional members representing organized labor. The commissioner of labor and industry shall serve as chair of the council and shall be a nonvoting member.*

(b) The governor, the majority leader of the senate, the speaker of the house of representatives, the minority leader of the senate, and the minority leader of the house of representatives shall each select a business and a labor representative. At least four of the labor representatives shall be chosen from the affiliated membership of the Minnesota AFL-CIO. At least two of the business representatives shall be representatives of small employers as defined in section 177.24, subdivision 1, paragraph (a), clause (2). None of the council members shall represent attorneys, health care providers, qualified rehabilitation consultants, or insurance companies. If the appointing officials cannot agree on a method of appointing the required number of Minnesota AFL-CIO and small business representatives by the second Monday in June of the year in which appointments are made, they shall notify the secretary of state. The distribution of appointments shall then be determined publicly by lot by the secretary of state or a designee in the presence of the appointing officials or their designees on the third Monday in June.

(c) Each council member shall appoint an alternate. Alternates shall serve in the absence of the member they replace.

(d) The ten appointed voting members shall serve for terms of five years and may be reappointed.

(e) The council shall designate liaisons to the council representing workers' compensation insurers; medical, hospital, and rehabilitation providers; and the legal profession. The speaker and minority leader of the house of representatives shall each appoint a caucus member as a liaison to the council. The majority and minority leaders of the senate shall each appoint a caucus member to serve as a liaison to the council.

(f) The ~~terms~~ *compensation* and removal of members shall be as provided in section 15.059. ~~The council expires as provided in section 15.059, subdivision 5.~~

Subd. 2. The advisory council shall ~~study and present to the legislature and the governor, on or before November 15 of each even numbered year, its findings relative to the costs, methods of financing, and the formula to be used to provide supplementary compensation to workers who have been determined permanently and totally disabled prior to July 1, 1969, and its findings relative to alterations in the scheduled benefits for permanent partially disabled, and other aspects of the workers' compensation act. The council shall also study and present to the legislature and the governor on or before November 15 of 1981 and by November 15 of each even-numbered year thereafter a report on the financial, administrative and personnel needs of the workers' compensation division.~~ *advise the department in carrying out the purposes of chapter 176. The council shall submit its recommendations with respect to amendments to chapter 176 by February 1 of each year to each regular session of the legislature and shall report its views upon any pending bill relating to chapter 176 to the proper legislative committee. A recommendation may not be made by the council unless it is supported by a majority of the employer members and a majority of the labor members. At the request of the chairs of the senate and house of representatives committees that hear workers' compensation matters, the department shall schedule a meeting of the council with the members of the committees to discuss matters of legislative concern arising under chapter 176.*

Subd. 3. [MEETINGS; VOTING.] *(a) The council shall meet as frequently as necessary to carry out its duties and responsibilities. The council may also conduct public hearings throughout the state as may be necessary to give interested persons an opportunity to comment and make suggestions on the operation of the state's workers' compensation law.*

(b) The meetings of the council are subject to the state's open meeting law, section 471.705; except that the six employer voting members and the six labor voting members may meet in separate closed caucuses for the purpose of deliberating on matters before the council. All votes of the council must be public and recorded.

Subd. 4. [EXECUTIVE DIRECTOR.] *(a) The assistant commissioner for workers' compensation at the department of labor and industry shall serve as executive director of the council.*

(b) The executive director shall provide administrative support and information to the council in order to allow it to monitor all elements of Minnesota's workers' compensation system. Specific duties of the executive director shall include:

(1) examining the activities of the various entities involved in Minnesota's workers' compensation system and identifying problem areas for the council's consideration;

(2) identifying trends and developments in the workers' compensation law of other states, and reporting to the council on issues that are developing and solutions that are being proposed or attempted;

(3) monitoring the decisions of Minnesota courts, including the workers' compensation court of appeals and the supreme court, to determine the impact of court decisions on the workers' compensation system;

(4) monitoring workers' compensation research activities and bringing important research findings and recommendations to the attention of the council; and

(5) conducting other activities and duties as may be requested by the council.

Subd. 5. [ADMINISTRATIVE SUPPORT.] *The commissioner of labor and industry shall supply necessary office space, supplies, and staff support to assist the council and its executive director in their duties.*

Sec. 11. Minnesota Statutes 1990, section 176.106, subdivision 6, is amended to read:

Subd. 6. [PENALTY.] At a conference, if the insurer does not provide a specific reason for nonpayment of the items in dispute, the commissioner may assess a penalty of $300 payable to the ~~special compensation fund~~ *assigned risk safety account*, unless it is determined that the reason for the lack of specificity was the failure of the insurer, upon timely request, to receive information necessary to remedy the lack of specificity. This penalty is in addition to any penalty that may be applicable for nonpayment.

Sec. 12. Minnesota Statutes 1990, section 176.129, subdivision 10, is amended to read:

Subd. 10. [PENALTY.] Sums paid to the commissioner pursuant to this section shall be in the manner prescribed by the commissioner. The commissioner may impose a penalty *payable to the assigned risk safety account* of up to 15 percent of the amount due under this section but not less than $500 in the event payment is not made in the manner prescribed.

Sec. 13. Minnesota Statutes 1990, section 176.130, subdivision 8, is amended to read:

Subd. 8. [PENALTIES; WOOD MILLS.] If the assessment provided for in this chapter is not paid on or before February 15 of the year when due and payable, the commissioner may impose penalties as provided in section 176.129, subdivision 10, *payable to the assigned risk safety account.*

Sec. 14. Minnesota Statutes 1990, section 176.130, subdivision 9, is amended to read:

Subd. 9. [FALSE REPORTS.] Any person or entity that, for the purpose of evading payment of the assessment or avoiding the reimbursement, or any part of it, makes a false report under this section shall pay to the ~~special compensation fund~~ *assigned risk safety account*, in addition to the assessment, a penalty of 50 percent of the amount of the assessment. A person who knowingly makes or signs a false report, or who knowingly submits other false information, is guilty of a misdemeanor.

Sec. 15. Minnesota Statutes 1990, section 176.138, is amended to read:

176.138 [MEDICAL DATA; ACCESS.]

(a) Notwithstanding any other state laws related to the privacy of medical data or any private agreements to the contrary, the release in writing, by telephone discussion, or otherwise of medical data related to a current claim for compensation under this chapter to the employee, employer, or insurer who are parties to the claim, or to the department of labor and industry, shall not require prior approval of any party to the claim. This section does not preclude the release of medical data under section 175.10 or 176.231, subdivision 9. Requests for pertinent data shall be made, and the date of discussions with medical providers about medical data shall be confirmed, in writing to the person or organization that collected or currently possesses the data. Written medical data that exists at the time the request is made

shall be provided by the collector or possessor within seven working days of receiving the request. Nonwritten medical data may be provided, but is not required to be provided, by the collector or possessor. In all cases of a request for the data or discussion with a medical provider about the data, except when it is the employee who is making the request, the employee shall be sent written notification of the request by the party requesting the data at the same time the request is made or a written confirmation of the discussion. This data shall be treated as private data by the party who requests or receives the data and the party receiving the data shall provide the employee or the employee's attorney with a copy of all data requested by the requester.

(b) Medical data which is not directly related to a current injury or disability shall not be released without prior authorization of the employee.

(c) The commissioner may impose a penalty of up to $200 payable to the ~~special compensation fund~~ *assigned risk safety account* against a party who does not timely release data as required in this section. A party who does not treat this data as private pursuant to this section is guilty of a misdemeanor. This paragraph applies only to written medical data which exists at the time the request is made.

(d) Workers' compensation insurers and self-insured employers may, for the sole purpose of identifying duplicate billings submitted to more than one insurer, disclose to health insurers, including all insurers writing insurance described in section 60A.06, subdivision 1, clause (5)(a), nonprofit health service plan corporations subject to chapter 62C, health maintenance organizations subject to chapter 62D, and joint self-insurance employee health plans subject to chapter 62H, computerized information about dates, coded items, and charges for medical treatment of employees and other medical billing information submitted to them by an employee, employer, health care provider, or other insurer in connection with a current claim for compensation under this chapter, without prior approval of any party to the claim. The data may not be used by the health insurer for any other purpose whatsoever and must be destroyed after verification that there has been no duplicative billing. Any person who is the subject of the data which is used in a manner not allowed by this section has a cause of action for actual damages and punitive damages for a minimum of $5,000.

Sec. 16. Minnesota Statutes 1990, section 176.139, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO POST; PENALTY.] The commissioner may assess a penalty of $300 against the employer payable to the ~~special compensation fund~~ *assigned risk safety account* if, after notice from the commissioner, the employer violates the posting requirement of this section.

Sec. 17. Minnesota Statutes 1990, section 176.181, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO INSURE, PENALTY.] ~~Any employer who fails to comply with the provisions of subdivision 2 to secure payment of compensation is liable to the state of Minnesota for a penalty of $750, if the number of uninsured employees is less than five and for a penalty of $1,500 if the number of such uninsured employees is five or more. If the commissioner determines that the failure to comply with the provisions of subdivision 2 was willful and deliberate, the employer shall be liable to the state of Minnesota for a penalty of $2,500, if the number of uninsured employees is less than~~

~~five. and for a penalty of $5,000 if the number of uninsured employees is five or more. If the employer continues noncompliance, the employer is liable for five times the lawful premium for compensation insurance for such employer for the period the employer fails to comply with such provisions, commencing ten days after notice has been served upon the employer by the commissioner of the department of labor and industry by certified mail. These penalties may be recovered jointly or separately in a civil action brought in the name of the state by the attorney general in any court having jurisdiction. Whenever any such failure occurs the commissioner of the department of labor and industry shall immediately certify that fact to the attorney general. Upon receipt of such certification the attorney general shall forthwith commence and prosecute the action. All penalties recovered by the state in any such action shall be paid into the state treasury and credited to the special compensation fund. If an employer fails to comply with the provisions of subdivision 2, to secure payment of compensation after having been notified of the employer's duty, the attorney general, upon request of the commissioner, may proceed against the employer in any court having jurisdiction for an order restraining the employer from having any person in employment at any time when the employer is not complying with the provisions of subdivision 2 or for an order compelling the employer to comply with subdivision 2.~~ *(a) If the commissioner has reason to believe that an employer is in violation of subdivision 2, he may issue an order directing the employer to comply with subdivision 2, to refrain from employing any person at any time without complying with subdivision 2, and to pay a penalty of up to $1,000 per employee per week during which the employer was not in compliance.*

(b) An employer shall have ten working days to contest such an order by filing a written objection with the commissioner, stating in detail its reasons for objecting. If the commissioner does not receive an objection within ten working days, the commissioner's order shall constitute a final order not subject to further review, and violation of that order shall be enforceable by way of civil contempt proceedings in district court. If the commissioner does receive a timely objection, the commissioner shall refer the matter to the office of administrative hearings for an expedited hearing before a compensation judge. The compensation judge shall issue a decision either affirming, reversing, or modifying the commissioner's order within ten days of the close of the hearing. If the compensation judge affirms the commissioner's order, the compensation judge may order the employer to pay an additional penalty if the employer continued to employ persons without complying with subdivision 2 while the proceedings were pending.

(c) All penalties assessed under this subdivision shall be paid into the state treasury and credited to the assigned risk safety account. Penalties assessed under this section shall constitute a lien for government services pursuant to section 514.67, on all the employer's property and shall be subject to the revenue recapture act in chapter 270A.

(d) For purposes of this subdivision, the term "employer" includes any owners or officers of a corporation who direct and control the activities of employees.

Sec. 18. Minnesota Statutes 1990, section 176.181, is amended by adding a subdivision to read:

Subd. 8. [DATA SHARING.] *(a) The departments of labor and industry, jobs and training, and revenue are authorized to share information regarding the employment status of individuals, including but not limited to payroll*

and withholding and income tax information, and may use that information for purposes consistent with this section.

(b) The commissioner is authorized to inspect and to order the production of all payroll and other business records and documents of any alleged employer in order to determine the employment status of persons and compliance with this section. If any person or employer refuses to comply with such an order, the commissioner may apply to the district court of the county where the person or employer is located for an order compelling production of the documents.

Sec. 19. Minnesota Statutes 1990, section 176.182, is amended to read:

176.182 [BUSINESS LICENSES OR PERMITS; COVERAGE REQUIRED.]

Every state or local licensing agency shall withhold the issuance or renewal of a license or permit to operate a business in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2, by providing the name of the insurance company, the policy number, and dates of coverage or the permit to self-insure. The commissioner shall assess a penalty to the employer of $1,000 payable to the ~~special compensation fund~~ *assigned risk safety account*, if the information is not reported or is falsely reported.

Neither the state nor any governmental subdivision of the state shall enter into any contract for the doing of any public work before receiving from all other contracting parties acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2.

This section shall not be construed to create any liability on the part of the state or any governmental subdivision to pay workers' compensation benefits or to indemnify the special compensation fund, an employer, or insurer who pays workers' compensation benefits.

Sec. 20. Minnesota Statutes 1990, section 176.183, is amended to read:

176.183 [UNINSURED AND SELF-INSURED EMPLOYERS; BENEFITS TO EMPLOYEES AND DEPENDENTS; LIABILITY OF EMPLOYER.]

Subdivision 1. When any employee sustains an injury arising out of and in the course of employment while in the employ of an employer, other than the state or its political subdivisions, not insured or self-insured as provided for in this chapter, the employee or the employee's dependents shall nevertheless receive benefits as provided for in this chapter from the special compensation fund~~, and the commissioner has a cause of action against the employer for reimbursement for all moneys paid out or to be paid out, and, in the discretion of the court, as punitive damages an additional amount not exceeding 50 percent of all moneys paid out or to be paid out~~. As used in ~~this subdivision~~ *subdivision 1 or 2*, "employer" includes *any owners or* officers of ~~corporations~~ *a corporation* who ~~have legal~~ *direct and* control~~, either individually or jointly with another or others, of the payment of wages~~ *the activities of employees*. An action to recover ~~the moneys~~ *benefits paid* shall be instituted unless the commissioner determines that no recovery is possible. All moneys recovered shall be deposited in the general fund. There shall be no payment from the special compensation fund if there is liability

for the injury under the provisions of section 176.215, by an insurer or self-insurer.

Subd. 2. *Prior to issuing an order against the special compensation fund to pay compensation benefits to an employee, a compensation judge shall first make findings regarding the insurance status of the employer and its liability. The special compensation fund shall not be found liable in the absence of a finding of liability against the employer. Where the liable employer is found to be not insured or self-insured as provided for in this chapter, the compensation judge shall assess and order the employer to pay all compensation benefits to which the employee is entitled and a penalty in the amount of 60 percent of all compensation benefits ordered to be paid. An award issued against an employer shall constitute a lien for government services pursuant to section 514.67 on all property of the employer and shall be subject to the provisions of the revenue recapture act in chapter 270A. The special compensation fund may enforce the terms of that award in the same manner as a district court judgment.* The commissioner of labor and industry, in accordance with the terms of the order awarding compensation, shall pay compensation to the employee or the employee's dependent from the special compensation fund. The commissioner of labor and industry shall certify to the commissioner of finance and to the legislature annually the total amount of compensation paid from the special compensation fund under subdivision 1. The commissioner of finance shall upon proper certification reimburse the special compensation fund from the general fund appropriation provided for this purpose. The amount reimbursed shall be limited to the certified amount paid under this section or the appropriation made for this purpose, whichever is the lesser amount. Compensation paid under this section which is not reimbursed by the general fund shall remain a liability of the special compensation fund and shall be financed by the percentage assessed under section 176.129.

Subd. 3. (a) Notwithstanding subdivision 2, the commissioner may direct payment from the special compensation fund for compensation payable pursuant to subdivision 1, including benefits payable under sections 176.102 and 176.135, prior to issuance of an order of a compensation judge or the workers' compensation court of appeals directing payment or awarding compensation. *Where payment is issued pursuant to a petition for a temporary order, the terms of any resulting order shall have the same status and be governed by the same provisions as an award issued pursuant to subdivision 2.*

(b) The commissioner may suspend or terminate an order under clause (a) for good cause as determined by the commissioner.

Subd. 4. If the commissioner authorizes the special fund to commence payment ~~under this section~~ *without the issuance of a temporary order*, the commissioner shall serve by certified mail notice upon the employer and other interested parties of the intention to commence payment. This notice shall be served at least ten calendar days before commencing payment and shall be mailed to the last known address of the parties. The notice shall include a statement that failure of the employer to respond within ten calendar days of the date of service will be deemed acceptance by the employer of the proposed action by the commissioner and will be deemed a waiver of defenses the employer has to a subrogation or indemnity action by the commissioner. At any time prior to final determination of liability, the employer may appear as a party and present defenses the employer has, whether or not an appearance by the employer has previously been made

in the matter. The commissioner has a cause of action against the employer to recover compensation paid by the special fund under this section.

Sec. 21. Minnesota Statutes 1990, section 176.185, subdivision 5a, is amended to read:

Subd. 5a. [PENALTY FOR IMPROPER WITHHOLDING.] An employer who violates subdivision 5 after notice from the commissioner is subject to a penalty of 200 percent of the amount withheld from or charged the employee. The penalty shall be imposed by the commissioner. Fifty percent of this penalty is payable to the ~~special compensation fund~~ *assigned risk safety account* and 50 percent is payable to the employee.

Sec. 22. Minnesota Statutes 1990, section 176.194, subdivision 4, is amended to read:

Subd. 4. [PENALTIES.] The penalties for violations of clauses (1) through (6) are as follows:

1st through 5th violation of each paragraph	written warning
6th through 10th violation of each paragraph	$2,500 per violation in excess of five
11th through 30th violation of each paragraph	$5,000 per violation in excess of ten

For violations of clauses (7) and (8), the penalties are:

1st through 5th violation of each paragraph	$2,500 per violation
6th through 30th violation of each paragraph	$5,000 per violation in excess of five

The penalties under this section may be imposed in addition to other penalties under this chapter that might apply for the same violation. The penalties under this section are assessed by the commissioner and are payable to the ~~special compensation fund~~ *assigned risk safety account*. A party may object to the penalty and request a formal hearing under section 176.85. If an entity has more than 30 violations within any 12-month period, in addition to the monetary penalties provided, the commissioner may refer the matter to the commissioner of commerce with recommendation for suspension or revocation of the entity's (a) license to write workers' compensation insurance; (b) license to administer claims on behalf of a self-insured, the assigned risk plan, or the Minnesota insurance guaranty association; (c) authority to self-insure; or (d) license to adjust claims. The commissioner of commerce shall follow the procedures specified in section 176.195.

Sec. 23. Minnesota Statutes 1990, section 176.194, subdivision 5, is amended to read:

Subd. 5. [RULES.] The commissioner may, by rules adopted in accordance with chapter 14, specify additional *illegal*, misleading, deceptive, ~~or~~ fraudulent practices or conduct which are subject to the penalties under this section.

Sec. 24. Minnesota Statutes 1990, section 176.221, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] If the employer or insurer does not begin payment of compensation within the time limit prescribed under subdivision 1 or 8, the commissioner may assess a penalty, payable to the ~~special compensation fund~~ *assigned risk safety account*, which shall be a percentage of the amount of compensation to which the employee is entitled to receive up to the date compensation payment is made.

The amount of penalty shall be determined as follows:

Numbers of days late	Penalty
1 - 15	25 percent of compensation due, not to exceed $375.
16 - 30	50 percent of compensation due, not to exceed $1,140.
31 - 60	75 percent of compensation due, not to exceed $2,878.
61 or more	100 percent of compensation due, not to exceed $3,838.

The penalty under this section is in addition to any penalty otherwise provided by statute.

Sec. 25. Minnesota Statutes 1990, section 176.221, subdivision 3a, is amended to read:

Subd. 3a. [PENALTY.] In lieu of any other penalty under this section, the commissioner may assess a penalty of up to $1,000 *payable to the assigned risk safety account* for each instance in which an employer or insurer does not pay benefits or file a notice of denial of liability within the time limits prescribed under this section.

Sec. 26. [176.222] [REPORT ON COLLECTION AND ASSESSMENT OF FINES AND PENALTIES.]

The commissioner shall annually, by January 30, submit a report to the legislature detailing the assessment and collection of fines and penalties under this chapter on a fiscal year basis for the immediately preceding fiscal year and for as many prior years as the data is available.

Sec. 27. Minnesota Statutes 1990, section 176.231, subdivision 10, is amended to read:

Subd. 10. [FAILURE TO FILE REQUIRED REPORT, PENALTY.] If an employer, insurer, physician, chiropractor, or other health provider fails to file with the commissioner any report required by this section in the manner and within the time limitations prescribed, or otherwise fails to provide a report required by this section in the manner provided by this section, the commissioner may impose a penalty of up to $200 for each failure.

The imposition of a penalty may be appealed to a compensation judge within 30 days of notice of the penalty.

Penalties collected by the state under this subdivision shall be paid into

the ~~special compensation fund~~ *assigned risk safety account.*

Sec. 28. [176.232] [SAFETY COMMITTEES.]

Every public or private employer of more than 25 employees shall establish and administer a joint labor-management safety committee.

Every public or private employer of 25 or fewer employees shall establish and administer a safety committee if:

(1) the employer has a lost workday cases incidence rate in the top ten percent of all rates for employers in the same industry; or

(2) the workers' compensation premium classification assigned to the greatest portion of the payroll for the employer has a pure premium rate as reported by the workers' compensation rating association in the top 25 percent of premium rates for all classes.

The commissioner may adopt rules regarding the training of safety committee members and the operation of safety committees.

Sec. 29. Minnesota Statutes 1990, section 176.261, is amended to read:

176.261 [EMPLOYEE OF COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY MAY ACT FOR AND ADVISE A PARTY TO A PROCEEDING.]

When requested by an employer or an employee or an employee's dependent, the commissioner of the department of labor and industry may designate one or more of the division employees to advise that party of rights under this chapter, and as far as possible to assist in adjusting differences between the parties. The person so designated may appear in person in any proceedings under this chapter as the representative or adviser of the party. In such case, the party need not be represented by an attorney at law.

Prior to advising an employee or employer to seek assistance outside of the department, the department must refer employers and employees seeking advice or requesting assistance in resolving a dispute to an attorney or rehabilitation and medical specialist employed by the department, whichever is appropriate.

The department must make efforts to settle problems of employees and employers by contacting third parties, including attorneys, insurers, and health care providers, on behalf of employers and employees and using the department's persuasion to settle issues quickly and cooperatively.

Sec. 30. [176.87] [FRAUD UNIT.]

The department shall establish a workers' compensation fraud unit to investigate fraudulent and other illegal practices of health care providers, employers, insurers, attorneys, employees, and others related to workers' compensation. The unit shall review files of the department and may conduct field investigations. If the department determines there is illegal activity, the commissioner must refer the case to the attorney general or other appropriate prosecuting authority. The attorney general and other prosecuting authorities must give high priority to reviewing and prosecuting cases referred to them by the commissioner under this section.

The attorney general shall train personnel of the department of labor and industry in effective investigative practices and in the requisites for successful prosecution of illegal activity under chapter 176.

Sec. 31. Minnesota Statutes 1990, section 176A.03, is amended by adding a subdivision to read:

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

Sec. 32. [DEPARTMENT STUDY; DATA SHARING ON UNINSURED EMPLOYERS.]

The commissioner of labor and industry shall study the issue of whether there is data in the possession of other state or private entities that would assist the department in identifying employers that are not complying with the insurance requirements of Minnesota Statutes, chapter 176. The department shall report the results of its studies to the legislature by January 30, 1993, together with proposed legislation that would enable the department to obtain that information.

Sec. 33. [REPETITIVE MOTION STUDY; DEPARTMENT OF EMPLOYEE RELATIONS.]

The department of employee relations shall assess the number and severity of work-related repetitive motion injuries incurred by state employees. The assessment shall include carpal tunnel and related injuries. The department shall report the results of the assessment to the legislature by January 30, 1993.

In addition, the department shall develop a plan for a pilot project to reduce repetitive motion injuries for which it shall seek funding from the 1993 legislature.

Sec. 34. [INDEPENDENT CONTRACTORS; LEASED EMPLOYEES.]

The commissioner of labor and industry shall study the practice of employee leasing and declaration of independent contract status as devices to evade or reduce premiums for workers' compensation insurance.

The commissioner shall submit a report to the legislature by January 15, 1993, with the results of the study and proposals for legislative action.

Sec. 35. [MANDATED REDUCTIONS.]

(a) As a result of the workers' compensation law changes in this act and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of workers' compensation rates in effect on October 1, 1992, must be reduced by 16 percent and applied by the insurer to all policies with an effective date between October 1, 1992, and March 31, 1993. For purposes of this section, "insurer" includes the assigned risk plan, and "rates" include the rates approved by the commissioner of commerce for the assigned risk plan. The reduction mandated by this section must also be applied on a prorated basis to the unexpired portion of all workers' compensation policies on October 1, 1992. An insurer shall provide a written notice by November 1, 1992, to all workers' compensation policyholders having an unexpired policy with the insurer as of October 1, 1992, that reads as follows: "As a result of the changes in the workers' compensation system enacted by the 1992 legislature, you are entitled to a prorated reduction of 16 percent on your current policy premium."

(b) No rate increases may be filed between April 1, 1992, and April 1,

1993.

(c) The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under this section have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner shall present a report detailing the findings and conclusions to the legislature by March 1, 1993.

Sec. 36. [REPEALER.]

Minnesota Statutes 1990, section 176.131, is repealed. The special compensation fund shall not reimburse an employer under Minnesota Statutes, section 176.131, for a subsequent injury occurring after June 30, 1992. The special compensation fund shall continue to reimburse employers for subsequent injuries occurring prior to July 1, 1992, and the commissioner of labor and industry shall continue to assess for those reimbursements under Minnesota Statutes, section 176.129.

Sec. 37. [EFFECTIVE DATE.]

Section 35 is effective the day following final enactment retroactive to April 1, 1992. Section 1 is effective for policies insuring liability for workers' compensation that are effective on or after October 1, 1992. The rest of this article is effective July 1, 1992.

ARTICLE 4

MEDICAL AND REHABILITATION

Section 1. Minnesota Statutes 1990, section 176.102, subdivision 1, is amended to read:

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

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

Sec. 2. Minnesota Statutes 1990, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule establish a fee*

schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors. The commissioner shall annually review the fees and give notice of any adjustment in the State Register. An annual adjustment is not subject to chapter 14. By March 1, 1993, the commissioner shall report to the legislature on the status of the commission's monitoring of rehabilitation services. The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 3. Minnesota Statutes 1990, section 176.102, subdivision 4, is amended to read:

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

~~For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time.~~ *A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. When the commissioner has received notice or information that an employee has sustained an injury that may be compensable under this chapter, the commissioner must notify the injured employee of the right to request a rehabilitation consultation to assist in return to work. The notice may be included in other information the commissioner gives to the employee under section 176.235, and must be highlighted in a way to draw the employee's attention to it. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant. If the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 60 days following the filing of a copy of the employee's rehabilitation plan with the commissioner. If the consultation indicates that rehabilitation services are appropriate under subdivision 1, the employer shall provide the services. If the consultation indicates that rehabilitation services are not appropriate under subdivision 1, the employer shall notify the employee of this determination within 14 days after the consultation.*

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 1990, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] *(a)* The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled.

(b) A rehabilitation consultant must file a progress report on the plan with the commissioner six months after the plan is filed. The progress report must include a current estimate of the total cost and the expected duration of the plan. The commissioner may require additional progress reports. Based on the progress reports and available information, the commissioner may take actions including, but not limited to, redirecting, amending, suspending, or terminating the plan.

Sec. 5. Minnesota Statutes 1990, section 176.102, subdivision 9, is amended to read:

Subd. 9. [PLAN, COSTS.] *(a)* An employer is liable for the following rehabilitation expenses under this section:

~~(a)~~ *(1)* Cost of rehabilitation evaluation and preparation of a plan;

~~(b)~~ *(2)* Cost of all rehabilitation services and supplies necessary for implementation of the plan;

~~(c)~~ *(3)* Reasonable cost of tuition, books, travel, and custodial day care; and, in addition, reasonable costs of board and lodging when rehabilitation requires residence away from the employee's customary residence;

~~(d)~~ *(4)* Reasonable costs of travel and custodial day care during the job interview process;

~~(e)~~ *(5)* Reasonable cost for moving expenses of the employee and family if a job is found in a geographic area beyond reasonable commuting distance after a diligent search within the present community. Relocation shall not be paid more than once during any rehabilitation program, and relocation shall not be required if the new job is located within the same standard metropolitan statistical area as the employee's job at the time of injury. An employee shall not be required to relocate and a refusal to relocate shall not result in a suspension or termination of compensation under this chapter; and

~~(f)~~ *(6)* Any other expense agreed to be paid.

(b) Charges for services provided by a rehabilitation consultant or vendor must be submitted on a billing form prescribed by the commissioner. No payment for the services shall be made until the charges are submitted on the prescribed form.

(c) Except as provided in this paragraph, an employer is not liable for charges for services provided by a rehabilitation consultant or vendor unless the employer or its insurer receives a bill for those services within 45 days of the provision of the services. The commissioner or a compensation judge may order payment for charges not timely billed under this paragraph if the rehabilitation consultant or vendor can prove that the failure to submit the bill as required by this paragraph was due to circumstances beyond the

control of the rehabilitation consultant or vendor. A rehabilitation consultant or vendor may not collect payment from any other person, including the employee, for bills that an employer is relieved from liability for paying under this paragraph.

Sec. 6. Minnesota Statutes 1990, section 176.103, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] (a) The commissioner shall monitor the medical and surgical treatment provided to injured employees, the services of other health care providers and shall also monitor hospital utilization as it relates to the treatment of injured employees. This monitoring shall include determinations concerning the appropriateness of the service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treatment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services. *Insurers and self-insurers must assist the commissioner in this monitoring by reporting to the commissioner cases of suspected excessive, inappropriate, or unnecessary treatment.* The commissioner shall report ~~the results of the monitoring~~ *specific cases of suspected inappropriate, unnecessary, and excessive treatment* to the medical services review board. ~~The commissioner may, either as a result of the monitoring or as a result of an investigation following receipt of a complaint, if the commissioner believes that any provider of health care services has violated any provision of this chapter or rules adopted under this chapter, initiate a contested case proceeding under chapter 14. In these cases,~~ The medical services review board shall ~~make the final decision following receipt of the report of an administrative law judge~~ *review those cases and make a determination of whether there is inappropriate, unnecessary, or excessive treatment based on rules adopted by the commissioner in consultation with the medical services review board. The determination of the board is not subject to the contested case provisions of the administrative procedure act in chapter 14. An affected provider shall be given notice and an opportunity to be heard before the board prior to the board reporting its findings and conclusions. The board shall report its findings and conclusions to the commissioner. The findings and conclusions of the board are binding on the commissioner. The commissioner shall order a sanction if the board has concluded there was inappropriate, unnecessary, or excessive treatment. The commissioner in consultation with the medical services review board shall adopt rules defining standards of treatment including inappropriate, unnecessary, or excessive treatment and the sanctions to be imposed for inappropriate, unnecessary, or excessive treatment. The sanctions imposed may include, without limitation, a warning, a restriction on providing treatment, requiring preauthorization by the board for a plan of treatment, and suspension from receiving compensation for the provision of treatment under chapter 176.* The commissioner's authority under this section also includes the authority to make determinations regarding any other activity involving the questions of utilization of medical services, and any other determination the commissioner deems necessary for the proper administration of this section, but does not include the authority to make the initial determination of primary liability, except as provided by section 176.305.

Sec. 7. Minnesota Statutes 1990, section 176.103, is amended by adding a subdivision to read:

Subd. 2a. [APPEALS, EFFECT OF DECISION.] *An order imposing sanctions on a health care provider under subdivision 2 may be appealed*

and has the effect provided by this subdivision.

A sanction becomes effective at the time the commissioner notifies the provider of the order of sanction. The notice shall advise the provider of the right to obtain review as provided in this subdivision. If mailed, the notice of order of sanction is deemed received three days after mailing to the last known address of the provider.

Within 30 days of receipt of a notice of order of sanction, a provider may request in writing a review by the commissioner of the order. Upon receiving a request the commissioner or the commissioner's designee shall review the order, the evidence upon which the order was based, and any other material information brought to the attention of the commissioner, and determine whether sufficient cause exists to sustain the order. Within 15 days of receiving the request the commissioner shall report in writing the results of the review. The review provided in this subdivision is not subject to the contested case provisions of the administrative procedure act in chapter 14.

Within 30 days following receipt of the commissioner's decision on review, a provider may petition the workers' compensation court of appeals for review. The petition shall be filed with the court, together with proof of service of a copy on the commissioner, and accompanied by the standard filing fee for appeals from decisions of compensation judges. No responsive pleading shall be required of the commissioner, and no fees shall be charged for the appearance of the commissioner in the matter.

The petition shall be captioned in the full name of the provider making the petition as petitioner and the commissioner as respondent. The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order of sanction.

The filing of the petition shall not stay the sanction. The court may order a stay of the balance of the sanction if the hearing has not been conducted within 60 days after filing of the petition upon terms the court deems proper. To the extent applicable, review shall be conducted according to the rules of the court for review of decisions of compensation judges.

The scope of the hearing shall be limited to the issues of whether the medical services review board's findings were supported by substantial evidence in view of the record before the board and whether the sanction imposed by the commissioner was authorized by law or rule.

The workers' compensation court of appeals may adopt rules necessary to implement this subdivision.

Sec. 8. Minnesota Statutes 1990, section 176.103, subdivision 3, is amended to read:

Subd. 3. [MEDICAL SERVICES REVIEW BOARD; SELECTION; POWERS.] (a) There is created a medical services review board composed of the commissioner or the commissioner's designee as an ex officio member, two persons representing chiropractic, one person representing hospital administrators, *one physical therapist*, and six physicians representing different specialties which the commissioner determines are the most frequently utilized by injured employees. The board shall also have one person representing employees, one person representing employers or insurers, and one person representing the general public. The members shall be appointed by the commissioner and shall be governed by section 15.0575. Terms of the board's members may be renewed. The board may appoint from its

members whatever subcommittees it deems appropriate.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one chiropractor, *one physical therapist*, one hospital administrator, three physicians, one employee representative, one employer or insurer representative, and one representative of the general public.

The board shall review clinical results for adequacy and recommend to the commissioner scales for disabilities and apportionment.

The board shall review and recommend to the commissioner rates for individual clinical procedures and aggregate costs. The board shall assist the commissioner in accomplishing public education.

In evaluating the clinical consequences of the services provided to an employee by a clinical health care provider, the board shall consider the following factors in the priority listed:

(1) the clinical effectiveness of the treatment;

(2) the clinical cost of the treatment; and

(3) the length of time of treatment.

The board shall advise the commissioner on the adoption of rules regarding all aspects of medical care and services provided to injured employees.

(b) The medical services review board may upon petition from the commissioner and after hearing, issue a penalty of $200 per violation, disqualify, or suspend a provider from receiving payment for services rendered under this chapter if a provider has violated any part of this chapter or rule adopted under this chapter. The hearings are initiated by the commissioner under the contested case procedures of chapter 14. The board shall make the final decision following receipt of the recommendation of the administrative law judge. The board's decision is appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

(c) The board may adopt rules of procedure. The rules may be joint rules with the rehabilitation review panel.

Sec. 9. Minnesota Statutes 1990, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, PSYCHOLOGICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, psychological, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation.

(b) The employer shall pay for the reasonable value of nursing services provided by a member of the employee's family in cases of permanent total disability.

(c) Exposure to rabies is an injury and an employer shall furnish preventative treatment to employees exposed to rabies.

(d) The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches, or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. *For the purpose of this paragraph, "injury" includes damage wholly or in part to an artificial member.* In case of the employer's inability or refusal seasonably to ~~do so~~ *provide the items required to be provided under this paragraph,* the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same, including costs of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7, and attorney fees incurred by the employee. ~~No action to recover the cost of copies may be brought until the commissioner adopts a schedule of reasonable charges under subdivision 7.~~ Attorney's fees shall be determined on an hourly basis according to the criteria in section 176.081, subdivision 5. ~~The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability.~~

~~(b)~~ *(e)* Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with sections 176.106 and 176.305.

(f) An employer may require that the treatment and supplies required to be provided by an employer by this section be received in whole or in part from a managed care plan certified under section 176.1351 except as otherwise provided by that section.

Sec. 10. Minnesota Statutes 1990, section 176.135, subdivision 5, is amended to read:

Subd. 5. [OCCUPATIONAL DISEASE MEDICAL ELIGIBILITY.] Notwithstanding section 176.66, an employee who has contracted an occupational disease is eligible to receive compensation under this section even if the employee is not disabled from earning full wages at the work at which the employee was last employed.

Payment of compensation under this section shall be made by the employer and insurer on the date of the employee's last exposure to the hazard of the occupational disease. Reimbursement for medical benefits paid under this subdivision or subdivision 1a is allowed from the employer and insurer liable under section 176.66, subdivision 10, only in the case of disablement.

Sec. 11. Minnesota Statutes 1990, section 176.135, subdivision 6, is amended to read:

Subd. 6. [COMMENCEMENT OF PAYMENT.] As soon as reasonably possible, and no later than 30 calendar days after receiving the bill, the employer or insurer shall pay the charge or any portion of the charge which is not denied, *or* deny all or a part of the charge ~~on the basis of excessiveness or noncompensability, or specify the additional data needed,~~ with written notification to the employee and the provider *explaining the basis for denial. All or part of a charge must be denied if any of the following conditions exists:*

(1) the injury or condition is not compensable under this chapter;

(2) the charge or service is excessive under this section or section 176.136;

(3) the charges are not submitted on the prescribed billing form; or

(4) additional medical records or reports are required under subdivision 7 to substantiate the nature of the charge and its relationship to the work injury.

If payment is denied under clause (3) or (4), the employer or insurer shall reconsider the charges in accordance with this subdivision within 30 calendar days after receiving additional medical data, a prescribed billing form, or documentation of enrollment or certification as a provider.

Sec. 12. Minnesota Statutes 1990, section 176.135, subdivision 7, is amended to read:

Subd. 7. [MEDICAL BILLS AND RECORDS.] Health care providers shall submit to the insurer an itemized statement of charges *on a billing form prescribed by the commissioner*. Health care providers ~~other than hospitals~~ shall also submit copies of medical records or reports that substantiate the nature of the charge and its relationship to the work injury~~, provided, however, that hospitals must submit any copies of records or reports requested under subdivision 6~~. Health care providers may charge for copies of any records or reports that are in existence and directly relate to the items for which payment is sought under this chapter. ~~Charges for copies provided under this subdivision shall be reasonable.~~ The commissioner shall adopt a schedule of reasonable charges by ~~emergency rules~~ *rule*.

A health care provider shall not collect, attempt to collect, refer a bill for collection, or commence an action for collection against the employee, employer, or any other party until the information required by this section has been furnished.

A United States government facility rendering health care services to veterans is not subject to the uniform billing form requirements of this subdivision.

Sec. 13. [176.1351] [MANAGED CARE.]

Subdivision 1. [APPLICATION.] *Any person or entity, other than a workers' compensation insurer or an employer for its own employees, may make written application to the commissioner to have a plan certified that provides management of quality treatment to injured workers for injuries and diseases compensable under this chapter. Specifically, and without limitation, an entity licensed under chapter 62C or 62D or a preferred provider organization that is subject to chapter 72A is eligible for certification under this section. Each application for certification shall be accompanied by a reasonable fee prescribed by the commissioner. A plan may be certified to provide services in a limited geographic area. A certificate is valid for the period the commissioner prescribes unless revoked or suspended. Application for certification shall be made in the form and manner and shall set forth information regarding the proposed plan for providing services as the commissioner may prescribe. The information shall include, but not be limited to:*

(1) a list of the names of all health care providers who will provide services under the managed care plan, together with appropriate evidence of compliance with any licensing or certification requirements for those providers to practice in this state; and

(2) a description of the places and manner of providing services under the plan.

Subd. 2. [CERTIFICATION.] *The commissioner shall certify a managed care plan if the commissioner finds that the plan:*

(1) proposes to provide quality services that meet uniform treatment standards prescribed by the commissioner and all medical and health care services that may be required by this chapter in a manner that is timely, effective, and convenient for the worker;

(2) is reasonably geographically convenient to employees it serves;

(3) provides appropriate financial incentives to reduce service costs and utilization without sacrificing the quality of service;

(4) provides adequate methods of peer review, utilization review, and dispute resolution to prevent inappropriate, excessive, or not medically necessary treatment, and excludes participation in the plan by those individuals who violate these treatment standards;

(5) provides a procedure for the resolution of medical disputes;

(6) provides aggressive case management for injured workers and provides a program for early return to work and cooperative efforts by the workers, the employer, and the managed care plan to promote workplace health and safety consultative and other services;

(7) provides a timely and accurate method of reporting to the commissioner necessary information regarding medical and health care service cost and utilization to enable the commissioner to determine the effectiveness of the plan;

(8) authorizes workers to receive compensable treatment from a health care provider who is not a member of the managed care plan, if that provider maintains the employee's medical records and has a documented history of treatment with the employee and agrees to refer the employee to the managed care plan for any other treatment that the employee may require and if the health care provider agrees to comply with all the rules, terms, and conditions of the managed care plan;

(9) authorizes necessary emergency medical treatment for an injury provided by a health care provider not a part of the managed care plan;

(10) does not discriminate against or exclude from participation in the plan any category of health care provider and includes an adequate number of each category of health care providers to give workers convenient geographic accessibility to all categories of providers and adequate flexibility to choose health care providers from among those who provide services under the plan;

(11) provides an employee the right to change health care providers under the plan at least once; and

(12) complies with any other requirement the commissioner determines is necessary to provide quality medical services and health care to injured workers.

The commissioner may accept findings, licenses, or certifications of other state agencies as satisfactory evidence of compliance with a particular requirement of this subdivision.

Subd. 3. [DISPUTE RESOLUTION.] *An employee must exhaust the dispute resolution procedure of the certified managed care plan prior to filing*

a petition or otherwise seeking relief from the commissioner or a compensation judge on an issue related to managed care. If an employee has exhausted the dispute resolution procedure of the managed care plan on the issue of a rating for a disability, the employee may seek a disability rating from a health care provider outside of the managed care organization. The employer is liable for the reasonable fees of the outside provider as limited by the medical fee schedule adopted under this chapter.

Subd. 4. [ACCESS TO ALL HEALTH CARE DISCIPLINES.] *The commissioner may refuse to certify or may revoke or suspend the certification of a managed care plan that unfairly restricts direct access within the managed care plan to any health care provider profession. Direct access within the managed care plan is unfairly restricted if direct access is denied and the treatment or service sought is within the scope of practice of the profession to which direct access is sought and is appropriate under the standards of treatment adopted by the managed care plan or, in instances where the commissioner has adopted standards of treatment, the standards adopted by the commissioner.*

Subd. 5. [REVOCATION, SUSPENSION, AND REFUSAL TO CERTIFY.] *The commissioner shall refuse to certify or shall revoke or suspend the certification of a managed care plan if the commissioner finds that the plan for providing medical or health care services fails to meet the requirements of this section, or service under the plan is not being provided in accordance with the terms of a certified plan.*

Subd. 6. [RULES.] *The commissioner may adopt emergency or permanent rules necessary to implement this section.*

Sec. 14. Minnesota Statutes 1990, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] *(a)* The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups.

(b) The procedures established by the commissioner ~~shall~~ *must* limit, *in accordance with subdivisions 1a, 1b, and 1c,* the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135~~, based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing~~. The procedures established by the commissioner for determining whether or not the charge for a health service is excessive ~~shall~~ *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 15. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1a. [RELATIVE VALUE FEE SCHEDULE.] *The liability of an employer for services included in the medical fee schedule is limited to the*

maximum fee allowed by the schedule in effect on the date of the medical service, or the provider's actual fee, whichever is lower. The medical fee schedule effective on October 1, 1991, shall remain in effect until the commissioner adopts a new schedule by permanent rule. The commissioner shall adopt permanent rules regulating fees allowable for medical, chiropractic, podiatric, surgical, and other health care provider treatment or service, including those provided to hospital outpatients, by implementing a relative value fee schedule to be effective on October 1, 1993. The commissioner may adopt by reference the relative value fee schedule adopted for the federal Medicare program or a relative value fee schedule adopted by other federal or state agencies. The relative value fee schedule shall contain reasonable classifications including, but not limited to, classifications that differentiate among health care provider disciplines. The conversion factors for the original relative value fee schedule must reasonably reflect a 15 percent overall reduction from the medical fee schedule most recently in effect. The reduction need not be applied equally to all treatment or services, but must represent a gross 15 percent reduction.

After permanent rules have been adopted to implement this section, the conversion factors must be adjusted annually on October 1 by no more than the percentage change computed under section 176.645, but without the annual cap provided by that section. The commissioner shall annually give notice in the State Register of the adjusted conversion factors. This notice shall be in lieu of the requirements of chapter 14.

Sec. 16. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1b. [LIMITATION OF LIABILITY.] *(a) The liability of the employer for treatment, articles, and supplies provided to an employee while an inpatient or outpatient at a small hospital shall be the hospital's usual and customary charge, unless the charge is determined by the commissioner or a compensation judge to be unreasonably excessive. A "small hospital," for purposes of this paragraph, is a hospital which has 100 or fewer licensed beds.*

(b) The liability of the employer for the treatment, articles, and supplies that are not limited by subdivision 1a or 1c or paragraph (a) shall be limited to 85 percent of the provider's usual and customary charge, or 85 percent of the prevailing charges for similar treatment, articles, and supplies furnished to an injured person when paid for by the injured person, whichever is lower. On this basis, the commissioner or compensation judge may determine the reasonable value of all treatment, services, and supplies, and the liability of the employer is limited to that amount.

Sec. 17. Minnesota Statutes 1990, section 176.136, is amended by adding a subdivision to read:

Subd. 1c. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] *The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. No party may pay fees above the amount in the schedule.*

Sec. 18. Minnesota Statutes 1990, section 176.136, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVE FEES.] If the employer or insurer determines that

the charge for a health service or medical service is excessive, no payment in excess of the reasonable charge for that service shall be made under this chapter nor may the provider collect or attempt to collect from the injured employee or any other insurer or government amounts in excess of the amount payable under this chapter unless the commissioner, compensation judge, or court of appeals determines otherwise. In such a case, the health care provider may initiate an action under this chapter for recovery of the amounts deemed excessive by the employer or insurer, but the employer or insurer shall have the burden of proving excessiveness.

A charge for a health service or medical service is excessive if it:

(1) exceeds the maximum permissible charge pursuant to subdivision 1, 1a, 1b, or 1c;

(2) is for a service provided at a level, duration, or frequency that is excessive, based upon accepted medical standards for quality health care and accepted rehabilitation standards;

(3) is for a service that is outside the scope of practice of the particular provider or is not generally recognized within the particular profession of the provider as of therapeutic value for the specific injury or condition treated; or

(4) is otherwise deemed excessive or inappropriate pursuant to rules adopted pursuant to this chapter.

Sec. 19. Minnesota Statutes 1990, section 176.137, subdivision 5, is amended to read:

Subd. 5. An employee is limited to ~~$30,000~~ *$60,000* under this section for each personal injury.

Sec. 20. Minnesota Statutes 1990, section 176.155, subdivision 1, is amended to read:

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

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

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

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

Sec. 21. Minnesota Statutes 1990, section 176.83, subdivision 5, is amended to read:

Subd. 5. [~~EXCESSIVE~~ *TREATMENT STANDARDS FOR* MEDICAL SERVICES.] In consultation with the medical services review board or the rehabilitation review panel, *the commissioner shall adopt* rules establishing standards and procedures for ~~determining~~ *health care provider treatment. The rules shall apply uniformly to all providers including those providing managed care under section 176.1351. The rules shall be used to determine* whether a provider of health care services and rehabilitation services, including a provider of medical, chiropractic, podiatric, surgical, hospital or other services, is performing procedures or providing services at a level or with a frequency that is excessive, *unnecessary, or inappropriate* based upon accepted medical standards for quality health care and accepted rehabilitation standards.

The rules shall include, but are not limited to, the following:

(1) criteria for diagnosis and treatment of the most common work-related injuries including, but not limited to, low back injuries and upper extremity repetitive trauma injuries;

(2) criteria for surgical procedures including, but not limited to, diagnosis, prior conservative treatment, supporting diagnostic imaging and testing, and anticipated outcome criteria;

(3) criteria for use of appliances, adoptive equipment, and use of health clubs or other exercise facilities;

(4) criteria for diagnostic imaging procedures;

(5) criteria for inpatient hospitalization; and

(6) criteria for treatment of chronic pain.

If it is determined by the payer that the level, frequency or cost of a procedure or service of a provider is excessive, *unnecessary, or inappropriate* according to the standards established by the rules, the provider shall not be paid for the ~~excessive~~ procedure, service, or cost by an insurer, self-insurer, or group self-insurer, and the provider shall not be reimbursed or attempt to collect reimbursement for the ~~excessive~~ procedure, service, or cost from any other source, including the employee, another insurer, the

special compensation fund, or any government program unless the commissioner or compensation judge determines at a hearing or administrative conference that the level, frequency, or cost was not excessive in which case the insurer, self-insurer, or group self-insurer shall make the payment deemed reasonable.

A ~~health or~~ rehabilitation provider who is determined by the rehabilitation review panel ~~or medical services review~~ board, after hearing, to be consistently performing procedures or providing services at an excessive level or cost may be prohibited from receiving any further reimbursement for procedures or services provided under this chapter. A prohibition imposed on a provider under this subdivision may be grounds for revocation or suspension of the provider's license or certificate of registration to provide health care or rehabilitation service in Minnesota by the appropriate licensing or certifying body. *The medical services review board shall review excessive, inappropriate, or unnecessary health care provider treatment under section 176.103, subdivision 2.*

~~The rules adopted under this subdivision shall require insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this clause.~~

Sec. 22. Minnesota Statutes 1990, section 176.83, is amended by adding a subdivision to read:

Subd. 5a. [REPORTING.] *Rules requiring insurers, self-insurers, and group self-insurers to report medical and other data necessary to implement the procedures required by this chapter.*

Sec. 23. [UTILIZATION OF HIGH TECHNOLOGY MEDICAL PROCEDURES.]

The commissioner of labor and industry shall appoint a committee to study the utilization of high technology medical procedures for treatment of injuries under Minnesota Statutes, chapter 176. The committee must include physicians, hospital representatives, medical device manufacturers, purchasers, consumers, and ethicists. The study must specifically examine excessive use of technology. The commissioner shall report the results of the study together with any proposals for legislation to the legislature by January 30, 1993.

Sec. 24. [MEDICAL COVERAGE STUDY.]

The commissioners of commerce and labor and industry shall study the feasibility of providing medical coverage currently furnished through the workers' compensation system through other health insurance mechanisms including group health and universal health coverage plans. The study shall particularly focus on the concept known as 24-hour coverage. The commissioners shall report the results of their study with specific recommendations to the legislature by February 1, 1993.

Sec. 25. [MANAGED CARE; LEGISLATIVE INTENT.]

It is the intent of the legislature that the commissioner of labor and industry proceed with certifying managed care organizations as expeditiously as possible. Any rules or procedures the commissioner adopts must be designed to assist in the formation of managed care organizations while ensuring quality managed care to injured employees.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, sections 176.135, subdivision 3; and 176.136, subdivision 5, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Section 13 is effective the day following final enactment. The rest of this article is effective October 1, 1992.

ARTICLE 5

SELF-INSURANCE

Section 1. Minnesota Statutes 1990, section 79A.02, is amended by adding a subdivision to read:

Subd. 3. [AUDIT OF SELF-INSURANCE APPLICATION.] *(a) The self-insurer's security fund shall retain a certified public accountant who shall perform services for, and report directly to, the commissioner of commerce. The certified public accountant shall review each application to self-insure, including the applicant's financial data. The certified public accountant shall provide a report to the commissioner of commerce indicating whether the applicant has met the requirements of section 79A.03, subdivisions 2 and 3. Additionally, the certified public accountant shall provide advice and counsel to the commissioner about relevant facts regarding the applicant's financial condition.*

(b) If the report of the certified public accountant is used by the commissioner as the basis for the commissioner's determination regarding the applicant's self-insurance status, the certified public accountant shall be made available to the commissioner for any hearings or other proceedings arising from that determination.

(c) The commissioner shall provide the advisory committee with the summary report by the certified public accountant and any financial data in possession of the department of commerce that is otherwise available to the public.

The cost of the review shall be the obligation of the self-insurer's security fund.

Sec. 2. Minnesota Statutes 1990, section 79A.02, is amended by adding a subdivision to read:

Subd. 4. [RECOMMENDATIONS TO COMMISSIONER REGARDING REVOCATION.] *After each fifth anniversary from the date each individual and group self-insurer becomes certified to self-insure, the committee shall review all relevant financial data filed with the department of commerce that is otherwise available to the public and make a recommendation to the commissioner about whether each self-insurer's certificate should be revoked.*

Sec. 3. Minnesota Statutes 1990, section 79A.03, subdivision 3, is amended to read:

Subd. 3. [NET WORTH.] ~~Each individual self-insurer shall have and maintain a net worth at least equal to the greater of ten times the retention limit selected with the workers' compensation reinsurance association or one-third the amount of the self-insurer's current annual modified premium. The requirements of this subdivision shall be modified if the self-insurer can demonstrate through a reinsurance program, other than coverage provided by the workers' compensation reinsurance association, that it can pay expected~~

~~losses without endangering the financial stability of the company.~~ *Each individual self-insurer's net worth, as presented on its audited balance sheet filed with the department of commerce, shall equal at least ten percent of the entity's total assets and shall equal at least ten times the retention level selected with the workers' compensation reinsurance association.*

Sec. 4. Minnesota Statutes 1990, section 79A.03, subdivision 4, is amended to read:

Subd. 4. [ASSETS, NET WORTH, AND LIQUIDITY.] *(a)* Each individual self-insurer shall have and maintain sufficient assets, net worth, and liquidity to promptly and completely meet all of its obligations that may arise under chapter 176 or this chapter. In determining whether a self-insurer meets this requirement, the commissioner shall consider the self-insurer's current ratio; its long-term and short-term debt to equity ratios; its net worth; financial characteristics of the particular industry in which the self-insurer is involved; any recent changes in the management and ownership of the ~~company~~ *self-insurer*; any excess insurance purchased by the self-insurer from a licensed company or an authorized surplus line carrier, other than excess insurance from the workers' compensation reinsurance association; any other financial data submitted to the commissioner by the ~~company~~ *self-insurer*; and the ~~company's~~ *self-insurer's* workers' compensation experience for the last four years. *Notwithstanding any other provision of this chapter, the commissioner may deny an application for self-insurance authority or terminate existing self-insurance authority if the applicant or self-insurer does not have sufficient assets, net worth, and liquidity to promptly and completely meet all of its self-insurance obligations.*

(b) An individual self-insurer must have had positive net income as shown on audited income statements filed with the department of commerce during three of the last five years and cumulatively over the five-year period. If the self-insurer has been in existence less than five years, it must have had cumulative net income during the period of existence and in the most recent year.

(c) An individual self-insurer must have had cash generated from operations as shown on the audited statements of cash flows filed with the department of commerce during three of the last five years and cumulatively over the five-year period. If the self-insurer has been in existence less than five years, it shall have had cumulative cash generated from operations during the period of existence and in the most recent year.

(d) No entity shall be admitted as an individual self-insurer, or be allowed to continue its self-insurance authority, if the audit report for the most recent year includes an explanatory paragraph stating that the auditor has concluded that there is substantial doubt about the entity's ability to continue as a going concern.

Sec. 5. Minnesota Statutes 1990, section 79A.03, subdivision 7, is amended to read:

Subd. 7. [FINANCIAL STANDARDS.] A group proposing to self-insure shall have and maintain:

(a) A combined net worth of all of the members of an amount at least equal to the greater of ten times the retention selected with the workers' compensation reinsurance association or one-third of the current annual modified premium of the members. ~~The requirements of this paragraph shall~~

~~be modified if the self-insurer can demonstrate that through excess insurance, other than coverage provided by the workers' compensation reinsurance association, it can pay expected losses.~~

(b) Sufficient assets, net worth, and liquidity to promptly and completely meet all obligations of its members under chapter 176 or this chapter. In determining whether a group is in sound financial condition, consideration shall be given to the combined net worth of the member companies; the consolidated long-term and short-term debt to equity ratios of the member companies; any excess insurance other than reinsurance with the workers' compensation reinsurance association, purchased by the group from an insurer licensed in Minnesota or from an authorized surplus line carrier; other financial data requested by the commissioner or submitted by the group; and the combined workers' compensation experience of the group for the last four years.

Sec. 6. Minnesota Statutes 1990, section 79A.03, subdivision 9, is amended to read:

Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation shall be reported to the commissioner by each self-insurer on a calendar year basis, in a manner and on forms available from the commissioner. Payroll information must be filed by April 1 of the following year, and loss information and total workers' compensation liability must be filed by August 1 of the following year.

(b) Each self-insurer shall, under oath, attest to the accuracy of each report submitted pursuant to paragraph (a). Upon sufficient cause, the commissioner shall require the self-insurer to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors: where the losses reported appear significantly different from similar types of businesses; where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of that employer. If any discrepancy is found, the commissioner shall require changes in the self-insurer's or workers' compensation service company record keeping practices.

(c) With the annual loss report due August 1, each self-insurer shall report to the commissioner any workers' compensation claim from the previous year where the full, undiscounted value is estimated to exceed $50,000, in a manner and on forms prescribed by the commissioner.

(d) Each individual self-insurer shall, within four months after the end of its fiscal year, annually file with the commissioner its latest 10K report required by the Securities and Exchange Commission. If an individual self-insurer does not prepare a 10K report, it shall file an annual certified financial statement, together with such other financial information as the commissioner may require to substantiate data in the financial statement.

(e) ~~Each group self-insurer shall, within four months after the end of the fiscal year for that group, annually file a statement showing the combined~~

~~net worth of its members based upon an accounting review performed by a certified public accountant, together with such other financial information the commissioner may require to substantiate data in the group's summary statement.~~ *Each member of the group shall, within four months after the end of each fiscal year for that group, file the most recent annual financial statement, reviewed by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards, or audited in accordance with generally accepted auditing standards, together with such other financial information the commissioner may require. In addition, the group shall file, within four months after the end of each fiscal year for that group, combining financial statements of the group members, compiled by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards. The combining financial statements shall include, but not be limited to, a balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Each combining financial statement shall include a column for each individual group member along with a total column.*

Where a group has 50 or more members, the group shall file, in lieu of the combining financial statements, a combined financial statement showing only the total column for the entire group's balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Additionally, the group shall disclose, for each member, the total assets, net worth, revenue, and income for the most recent fiscal year. The combining and combined financial statements may omit all footnote disclosures.

(f) In addition to the financial statements required by paragraphs (d) and (e), interim financial statements or 10Q reports required by the Securities and Exchange Commission may be required by the commissioner upon an indication that there has been deterioration in the self-insurer's financial condition, including a worsening of current ratio, lessening of net worth, net loss of income, the downgrading of the company's bond rating, or any other significant change that may adversely affect the self-insurer's ability to pay expected losses. Any self-insurer that files an 8K report with the Securities and Exchange Commission shall also file a copy of the report with the commissioner within 30 days of the filing with the Securities and Exchange Commission.

Sec. 7. Minnesota Statutes 1990, section 79A.04, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the private self-insurer's estimated future liability. Up to ten percent of that deposit may be used to secure payment of all administrative and legal costs relating to or arising from the employer's self-insuring. As used in this section, "private self-insurers' estimated future liability" means the private self-insurers' total of estimated future liability as determined by a member of the casualty actuarial society ~~every two years for nongroup member private self-insurers, and~~ every year for group member private self-insurers *and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years. After the first five years, the nongroup member's total shall be as determined by a member of the casualty actuarial society every two years, and each such actuarial study shall include a projection of future losses during the two-year period until the next scheduled actuarial study, less payments anticipated to be made during*

that time. Estimated future liability is determined by first taking the total amount of the self-insured's future liability of workers' compensation claims and then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits or second injury benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits or second injury benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the reports required thereunder are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the last retention limit selected by the self-insurer with the workers' compensation reinsurance association. The posting or depositing of security pursuant to this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Sec. 8. Minnesota Statutes 1990, section 79A.06, subdivision 5, is amended to read:

Subd. 5. [PRIVATE EMPLOYERS WHO HAVE CEASED TO BE SELF-INSURED.] Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period, the policy will discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy. The policy may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (a) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (b) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the ~~last full~~ calendar year ~~of self-insurance on claims incurred during that year~~

immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.

In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 303.13, subdivision 1, clause (3), or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state.

Sec. 9. [79A.071] [CUSTODIAL ACCOUNTS.]

Subdivision 1. [DEPOSIT.] *All securities shall be deposited with the state treasurer or in a custodial account with a depository institution acceptable to the state treasurer. Surety bonds shall be filed with the commissioner. The commissioner and the state treasurer may sell or collect, in the case of default of the employer or fund, the amount that yields sufficient funds to pay compensation due under the workers' compensation act.*

Subd. 2. [ASSIGNMENT.] *Securities in physical form deposited with the state treasurer must bear the following assignment, which shall be signed by an officer, partner, or owner: "Assigned to the state of Minnesota for the benefit of injured employees of the self-insured employer under the Minnesota workers' compensation act." Any securities held in a custodial account, whether in physical form, book entry, or other form, need not bear the assignment language. The instrument or contract creating and governing any custodial account must contain the following assignment language: "This account is assigned to the state treasurer by the Company to pay compensation and perform the obligations of employers imposed under Minnesota Statutes, chapter 176. A depositor or other party has no right, title, or interest in the security deposited in the account until released by the state."*

Subd. 3. [CUSTODY.] *All securities in physical form on deposit with the state treasurer and surety bonds on deposit shall remain in the custody of the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in the workers' compensation act. All original instruments and contracts creating and governing custodial accounts shall remain with the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in the workers' compensation act.*

Subd. 4. [RELEASE.] *No securities in physical form on deposit with the state treasurer or custodial accounts assigned to the state shall be released without an order from the commissioner.*

Subd. 5. [EXCHANGING OR REPLACING.] *Any securities deposited with the state treasurer or with a custodial account assigned to the state treasurer or surety bonds held by the commissioner may be exchanged or replaced by the depositor with other acceptable securities or surety bonds of like amount so long as the market value of the securities or amount of the surety bond equals or exceeds the amount of deposit required. If securities*

are replaced by a surety bond, the self-insurer must maintain securities on deposit in an amount sufficient to meet all outstanding workers' compensation liability arising during the period covered by the deposit of the replaced securities, subject to the limitations on maximum security deposits established in Minnesota Rules.

Sec. 10. [REPEALER.]

Minnesota Rules, part 2780.0400, subparts 2, 3, 6, 7, and 8, are repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective August 1, 1992. For self-insurers that have Minnesota self-insurance authority on August 1, 1992, section 4, paragraphs (b), (c), and (d), are effective August 1, 1995.

ARTICLE 6

INSURANCE REGULATION

Section 1. Minnesota Statutes 1990, section 79.58, is amended by adding a subdivision to read:

Subd. 3. [FLEX RATING.] *(a) Whenever an insurer files a change in its existing rate level that is greater than eight percent in a 12-month period, the commissioner may hold a hearing to determine if the rate is excessive. The hearing must be conducted as provided under chapter 14. The commissioner shall give notice of intent to hold a hearing within 60 days of the filing of the change. The commissioner of labor and industry may appear as an interested party at the hearing. At the hearing, the insurer has the responsibility of showing the rate is not excessive. The rate is effective unless it is determined as a result of the hearing that the rate is excessive. The disapproval of a rate under this subdivision must be done in the same manner as provided under section 70A.11.*

(b) This subdivision applies only to changes resulting from an insurer's utilization of either (1) the pure premium base rate level filed by any data service organization plus the insurer's loading for expenses and profit, or (2) the insurer's own filed rate levels. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, benefit level changes, or other rates or rating plans utilized by an insurer."

Amend the title amendment accordingly

The question was taken on the adoption of the Hottinger amendment to the Chmielewski amendment.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Halberg	Langseth	Pariseau
Beckman	Brataas	Hottinger	Larson	Renneke
Belanger	Davis	Johnson, D.E.	McGowan	Sams
Benson, D.D.	Day	Johnson, J.B.	Mehrkens	Stumpf
Benson, J.E.	DeCramer	Johnston	Morse	Terwilliger
Berg	Frederickson, D.R.	Knaak	Neuville	Traub
Bernhagen	Gustafson	Laidig	Olson	Vickerman

Those who voted in the negative were:

Berglin	Frank	Luther	Pappas	Samuelson
Chmielewski	Frederickson, D.J.	Marty	Piper	Solon
Cohen	Hughes	Merriam	Pogemiller	Spear
Dahl	Johnson, D.J.	Metzen	Price	Waldorf
Dicklich	Kelly	Moe, R.D.	Ranum	
Finn	Kroening	Mondale	Reichgott	
Flynn	Lessard	Novak	Riveness	

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

Mr. Chmielewski moved that S.F. No. 2107 be laid on the table. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:00 p.m. The motion prevailed.

The hour of 7:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Berglin moved that the following members be excused for a Conference Committee on H.F. No. 2800 at 4:45 p.m.:

Messrs. Benson, D.D.; Hottinger; Knaak; Mses. Piper and Berglin. The motion prevailed.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1910: Ms. Reichgott, Messrs. Pogemiller and Belanger.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D., for Mr. Merriam, moved that H.F. No. 2749 be withdrawn from the Committee on Finance and re-referred to the Committee on Rules and Administration for comparison with S.F. No. 2503. The motion prevailed.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Ms. Johnston introduced—

S.F. No. 2800: A bill for an act relating to health insurance; adopting a comprehensive insurance plan; establishing a commission granting rulemaking authority; establishing rights and duties; providing penalties; amending Minnesota Statutes 1990, sections 60A.15, subdivision 1; 62C.01, subdivision 3; 256.936, subdivisions 1, 2, 3, 4, and by adding subdivisions; 270.06; 290.01, subdivision 19b; 297.04, subdivision 9; and 297.06, subdivision 3; Minnesota Statutes 1991 Supplement, sections 256.936, subdivision 5; 297.02, subdivision 1; and 297.03, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 62J; 256; 256B; and 295; repealing Minnesota Statutes 1990, sections 325D.30; 325D.31; 325D.32, subdivisions 1 to 9, and 11; 325D.33; 325D.34; 325D.35; 325D.36; 325D.37; 325D.38; 325D.39; 325D.40; 325D.415; and 325D.42; Minnesota Statutes 1991 Supplement, sections 325D.32, subdivision 10; and 325D.405.

Referred to the Committee on Health and Human Services.

MOTIONS AND RESOLUTIONS - CONTINUED

CALL OF THE SENATE

Mr. Gustafson imposed a call of the Senate for the balance of the proceedings on S.F. No. 2107. The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

Mr. Chmielewski moved that S.F. No. 2107 be taken from the table. The motion prevailed.

S.F. No. 2107: A bill for an act relating to workers' compensation; providing for comprehensive reform; regulating benefits; providing for medical cost control; requiring improved safety measures; regulating attorneys; providing for more efficient administrative procedures; eliminating the second injury fund; regulating insurance; reforming the assigned risk plan; regulating fraud; imposing penalties; amending Minnesota Statutes 1990, sections 79.251, by adding subdivisions; 79.252, subdivisions 1 and 3; 176.011, subdivisions 3, 11a, and 18; 176.081, subdivisions 1, 2, and 3; 176.101, subdivisions 1, 2, and 3f; 176.102, subdivisions 1, 2, 4, 6, 9, and 11; 176.103, subdivisions 2, 3, and by adding a subdivision; 176.105, subdivision 1; 176.106, subdivision 6; 176.111, subdivision 18; 176.129, subdivision 10; 176.130, subdivisions 8 and 9; 176.135, subdivisions 1, 5, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.138; 176.139, subdivision 2; 176.155, subdivision 1; 176.181, subdivision 3, and by adding a subdivision; 176.182; 176.183; 176.185, subdivision 5a; 176.194, subdivisions 4 and 5; 176.221, subdivisions 3 and 3a; 176.231, subdivision 10; 176.261; 176.421, subdivision 1; 176.461; 176.645, subdivisions 1 and 2; 176.83, subdivision 5, and by adding a subdivision; 176A.03, by adding a subdivision; 480B.01, subdivisions 1 and 10; 609.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 79; and 176; repealing Minnesota Statutes 1990, sections 176.131; 176.135, subdivision 3; and 176.136, subdivision 5.

The question recurred on the Chmielewski amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Mr. Benson, D.D. moved to amend the Hottinger amendment to S.F. No. 2107, adopted by the Senate April 14, 1992, as follows:

Page 72, line 10, after "*adopt*" insert "*emergency and permanent*"

Page 74, line 31, after the period, insert "*The authority to adopt emergency rules granted under section 21 is effective the day following final enactment and expires January 1, 1994.*"

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

Mr. Hottinger moved to amend the Hottinger amendment to S.F. No. 2107, adopted by the Senate April 14, 1992, as follows:

Page 32, line 33, delete "*memberships*" and insert "*the number of employees of its business members and in its affiliated labor organizations in Minnesota*"

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

Mr. Riveness moved to amend the first Hottinger amendment to S.F. No. 2107, adopted by the Senate April 14, 1992, as follows:

Page 65, line 32, delete everything after "*plan*" and insert a semicolon

Page 65, delete lines 33 to 36 and insert:

"*(9) provides an employee the right to change to a health care provider outside the managed care plan at least once;*"

Page 66, delete line 1

Page 66, line 2, delete "*(9)*" and insert "*(10)*"

Page 66, line 5, delete "*(10)*" and insert "*(11)*"

Page 66, line 12, delete "*(11)*" and insert "*(12)*"

Page 66, line 14, delete "*(12)*" and insert "*(13)*"

Page 66, after line 16, insert:

"*If an employee receives care from a health care provider outside the managed care plan under clause (8) or (9) that health care provider must: comply with the quality and treatment standards prescribed by the commissioner; provide a program for early return to work; provide timely, accurate reports to the commissioner of necessary information regarding medical and health care, service, cost, and utilization to enable the commissioner to determine the cost effectiveness of treatment. Once outside the plan, an employee's request to change health care provider is governed by section 176.135, subdivision 2.*"

The question was taken on the adoption of the Riveness amendment to the first Hottinger amendment.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

Berglin	Flynn	Luther	Pappas	Sams
Bertram	Frank	Marty	Piper	Samuelson
Cohen	Frederickson, D.J.	Merriam	Pogemiller	Solon
Dahl	Johnson, D.J.	Metzen	Price	Spear
Davis	Johnson, J.B.	Moe, R.D.	Ranum	
Dicklich	Kroening	Mondale	Reichgott	
Finn	Lessard	Novak	Riveness	

Those who voted in the negative were:

Adkins	Brataas	Hottinger	Larson	Renneke
Beckman	Chmielewski	Hughes	McGowan	Stumpf
Belanger	Day	Johnson, D.E.	Mehrkens	Terwilliger
Benson, D.D.	DeCramer	Johnston	Morse	Traub
Benson, J.E.	Frederickson, D.R.	Knaak	Neuville	Vickerman
Berg	Gustafson	Laidig	Olson	Waldorf
Bernhagen	Halberg	Langseth	Pariseau	

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

Mr. Finn moved to amend the first Hottinger amendment to S.F. No. 2107, adopted by the Senate April 14, 1992, as follows:

Page 7, delete lines 34 to 36

Page 8, delete lines 1 to 10

Page 8, delete section 6

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

Amend the title accordingly

The question was taken on the adoption of the Finn amendment to the first Hottinger amendment.

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

Berglin	Flynn	Kelly	Moe, R.D.	Ranum
Chmielewski	Frank	Kroening	Mondale	Reichgott
Cohen	Frederickson, D.J.	Lessard	Novak	Riveness
Dahl	Halberg	Luther	Pappas	Samuelson
Davis	Hughes	Marty	Piper	Solon
Dicklich	Johnson, D.J.	Merriam	Pogemiller	Spear
Finn	Johnson, J.B.	Metzen	Price	Waldorf

Those who voted in the negative were:

Adkins	Bertram	Johnston	Morse	Terwilliger
Beckman	Brataas	Knaak	Neuville	Traub
Belanger	Day	Laidig	Olson	Vickerman
Benson, D.D.	Frederickson, D.R.	Langseth	Pariseau	
Benson, J.E.	Gustafson	Larson	Renneke	
Berg	Hottinger	McGowan	Sams	
Bernhagen	Johnson, D.E.	Mehrkens	Stumpf	

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

Mr. Finn then moved to amend the first Hottinger amendment to S.F. No. 2107 as follows:

Page 7, line 8, delete "*225*" and insert "*260*"

Page 10, line 13, delete "*225-week*" and insert "*260-week*"

The question was taken on the adoption of the Finn amendment to the first Hottinger amendment.

The roll was called, and there were yeas 26 and nays 39, as follows:

Those who voted in the affirmative were:

Berglin	Frank	Marty	Piper	Spear
Cohen	Hughes	Merriam	Pogemiller	Waldorf
Dahl	Johnson, D.J.	Metzen	Price	
Dicklich	Johnson, J.B.	Mondale	Ranum	
Finn	Kroening	Novak	Reichgott	
Flynn	Luther	Pappas	Samuelson	

Those who voted in the negative were:

Adkins	Brataas	Johnson, D.E.	McGowan	Riveness
Beckman	Davis	Johnston	Mehrkens	Sams
Belanger	Day	Kelly	Moe, R.D.	Solon
Benson, D.D.	Frederickson, D.J.	Knaak	Morse	Stumpf
Benson, J.E.	Frederickson, D.R.	Laidig	Neuville	Terwilliger
Berg	Gustafson	Langseth	Olson	Traub
Bernhagen	Halberg	Larson	Pariseau	Vickerman
Bertram	Hottinger	Lessard	Renneke	

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

Mr. Frank moved to amend the first Hottinger amendment to S.F. No. 2107, adopted by the Senate April 14, 1992, as follows:

Page 85, line 14, delete "*may*" and insert "*shall*"

The question was taken on the adoption of the Frank amendment to the first Hottinger amendment.

The roll was called, and there were yeas 30 and nays 34, as follows:

Those who voted in the affirmative were:

Berglin	Finn	Kroening	Novak	Reichgott
Cohen	Flynn	Luther	Pappas	Riveness
Dahl	Frank	Marty	Piper	Samuelson
Davis	Frederickson, D.J.	Metzen	Pogemiller	Solon
DeCramer	Johnson, D.J.	Moe, R.D.	Price	Spear
Dicklich	Johnson, J.B.	Mondale	Ranum	Waldorf

Those who voted in the negative were:

Adkins	Bertram	Johnson, D.E.	McGowan	Renneke
Beckman	Brataas	Johnston	Mehrkens	Sams
Belanger	Chmielewski	Knaak	Merriam	Stumpf
Benson, D.D.	Day	Laidig	Morse	Terwilliger
Benson, J.E.	Frederickson, D.R.	Langseth	Neuville	Traub
Berg	Gustafson	Larson	Olson	Vickerman
Bernhagen	Hottinger	Lessard	Pariseau	

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

RECONSIDERATION

Having voted on the prevailing side, Mr. Waldorf moved that the vote whereby the Riveness amendment to the first Hottinger amendment to S.F. No. 2107 was not adopted on April 14, 1992, be now reconsidered. The motion did not prevail.

Ms. Traub moved to amend the first Finn amendment to the first Hottinger amendment to S.F. No. 2107, adopted by the Senate April 14, 1992, as follows:

Page 1, delete lines 3 to 8 and insert:

"Page 8, line 9, delete "*60*" and insert "*50*""

The question was taken on the adoption of the Traub amendment to the first Finn amendment to the first Hottinger amendment.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Hottinger	McGowan	Renneke
Beckman	Brataas	Johnson, D.E.	Mehrkens	Sams
Belanger	Dahl	Johnston	Merriam	Stumpf
Benson, D.D.	Day	Knaak	Morse	Terwilliger
Benson, J.E.	DeCramer	Laidig	Neuville	Traub
Berg	Frederickson, D.R.	Langseth	Olson	Vickerman
Bernhagen	Gustafson	Larson	Pariseau	

Those who voted in the negative were:

Berglin	Frank	Kroening	Novak	Riveness
Chmielewski	Frederickson, D.J.	Lessard	Pappas	Samuelson
Cohen	Halberg	Luther	Piper	Solon
Davis	Hughes	Marty	Pogemiller	Spear
Dicklich	Johnson, D.J.	Metzen	Price	Waldorf
Finn	Johnson, J.B.	Moe, R.D.	Ranum	
Flynn	Kelly	Mondale	Reichgott	

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

RECONSIDERATION

Having voted on the prevailing side, Mr. DeCramer moved that the vote whereby the Traub amendment to the first Finn amendment to the first Hottinger amendment to S.F. No. 2107 was adopted on April 14, 1992, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Berglin	Finn	Kelly	Moe, R.D.	Ranum
Chmielewski	Flynn	Kroening	Mondale	Reichgott
Cohen	Frank	Lessard	Novak	Riveness
Dahl	Frederickson, D.J.	Luther	Pappas	Samuelson
Davis	Hughes	Marty	Piper	Solon
DeCramer	Johnson, D.J.	Merriam	Pogemiller	Spear
Dicklich	Johnson, J.B.	Metzen	Price	Waldorf

Those who voted in the negative were:

Adkins	Bertram	Johnson, D.E.	Mehrkens	Stumpf
Beckman	Brataas	Johnston	Morse	Terwilliger
Belanger	Day	Knaak	Neuville	Traub
Benson, D.D.	Frederickson, D.R.	Laidig	Olson	Vickerman
Benson, J.E.	Gustafson	Langseth	Pariseau	
Berg	Halberg	Larson	Renneke	
Bernhagen	Hottinger	McGowan	Sams	

The motion prevailed. So the vote was reconsidered.

The question recurred on the adoption of the Traub amendment to the Finn amendment.

The roll was called, and there were yeas 31 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Johnston	Morse	Terwilliger
Beckman	Brataas	Knaak	Neuville	Traub
Belanger	Day	Laidig	Olson	Vickerman
Benson, D.D.	Frederickson, D.R.	Langseth	Pariseau	
Benson, J.E.	Gustafson	Larson	Renneke	
Berg	Hottinger	McGowan	Sams	
Bernhagen	Johnson, D.E.	Mehrkens	Stumpf	

Those who voted in the negative were:

Berglin	Flynn	Kroening	Novak	Samuelson
Chmielewski	Frank	Lessard	Pappas	Solon
Cohen	Frederickson, D.J.	Luther	Piper	Spear
Dahl	Halberg	Marty	Pogemiller	Waldorf
Davis	Hughes	Merriam	Price	
DeCramer	Johnson, D.J.	Metzen	Ranum	
Dicklich	Johnson, J.B.	Moe, R.D.	Reichgott	
Finn	Kelly	Mondale	Riveness	

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

S.F. No. 2107 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 60 and nays 6, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Knaak	Marty	Olson	Pariseau	Waldorf
Kroening				

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

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

S.F. No. 2503: A bill for an act relating to telecommunications; authorizing the telecommunications access for communication-impaired persons' board to advance money to contractors under certain conditions; prescribing the

terms and compensation of board members; amending Minnesota Statutes 1990, sections 237.51, subdivision 3; and 237.52, subdivision 5.

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

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

S.F. No. 1986: A bill for an act relating to disabled persons; reducing fee for Minnesota identification card for physically disabled person; amending Minnesota Statutes 1991 Supplement, section 171.07, subdivision 3.

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

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

S.F. No. 1893: A bill for an act relating to local government; authorizing placement of community identification signs; amending fees for highway advertising devices; restricting the commissioner's authority over business zoning; amending Minnesota Statutes 1990, sections 173.08, subdivision 1; and 173.16, subdivision 5; Minnesota Statutes 1991 Supplement, section 173.13, subdivision 4.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2503, 1986 and 1893 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2121, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2121 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1992

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2121

A bill for an act relating to education; providing for general education and related revenue, transportation, special programs, other aids, levies, and programs; appropriating money; amending Minnesota Statutes 1990,

sections 120.101, subdivision 5; 120.102, subdivision 1; 120.17, subdivisions 3a, 8a, 12, 14, 16, and by adding subdivisions; 121.148, subdivision 3; 121.11, by adding a subdivision; 121.16, subdivision 1; 121.935, by adding subdivisions; 122.22, by adding a subdivision; 122.23, subdivisions 13, 16, and by adding a subdivision; 122.247, subdivision 1; 122.531, subdivisions 1a, 2, 2a, 2b, and 2c; 122.532, subdivision 2; 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, by adding a subdivision; 123.744, as amended, as reenacted; 124.243, subdivision 2, and by adding a subdivision; 124.2725, subdivision 13; 124.331, subdivisions 1 and 3; 124.431, by adding a subdivision; 124.493, subdivision 1; 124.494, subdivisions 2, 4, and 5; 124.73, subdivision 1; 124.83, subdivisions 2, 6, and by adding subdivisions; 124.85, subdivision 4; 124A.22, subdivision 2a, and by adding subdivisions; 124A.23, subdivision 3; 124A.26, subdivision 2, and by adding a subdivision; 124C.07; 124C.08, subdivision 2; 124C.09; 124C.61; 125.05, subdivisions 1, 7, and by adding subdivisions; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 126.12, subdivision 2; 126.22, by adding a subdivision; 127.46; 128A.09, subdivision 2, and by adding a subdivision; 128C.01, subdivision 4; 128C.02, by adding a subdivision; 134.34, subdivision 1, and by adding a subdivision; 136C.69, subdivision 3; 136D.75; 182.666, subdivision 6; 275.125, subdivision 10, and by adding subdivisions; Minnesota Statutes 1991 Supplement, sections 120.062, subdivision 8a; 120.064, subdivision 4; 120.17, subdivisions 3b, 7a, and 11a; 120.181; 121.585, subdivision 3; 121.831; 121.904, subdivisions 4a and 4e; 121.912, subdivision 6; 121.932, subdivisions 2 and 5; 121.935, subdivisions 1 and 6; 122.22, subdivision 9; 122.23, subdivision 2; 122.242, subdivision 9; 122.243, subdivision 2; 122.531, subdivision 4a; 123.3514, subdivisions 4 and 11; 123.702, subdivisions 1, 1a, and 1b; 124.155, subdivision 2; 124.19, subdivisions 1, 1b, and 7; 124.195, subdivision 2; 124.214, subdivisions 2 and 3; 124.2601, subdivision 6; 124.2721, subdivision 3b; 124.2727, subdivision 6, and by adding subdivisions; 124.479; 124.493, subdivision 3; 124.646, subdivision 4; 124.83, subdivision 1; 124.95, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 124A.03, subdivisions 1c, 2, 2a, and by adding a subdivision; 124A.23, subdivisions 1 and 4; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 125.185, subdivisions 4 and 4a; 125.62, subdivision 6; 126.70; 135A.03, subdivision 3a; 136D.22, subdivision 3; 136D.71, subdivision 2; 136D.76, subdivision 2; 136D.82, subdivision 3; 245A.03, subdivision 2; 275.065, subdivision 1; 275.125, subdivisions 6j and 11g; 364.09; and 373.42, subdivision 2; Laws 1990, chapter 366, section 1, subdivision 2; Laws 1991, chapter 265, articles 3, section 39, subdivision 16; 4, section 30, subdivision 11; 5, sections 18, 23, and 24, subdivision 4; 6, sections 64, subdivision 6, 67, subdivision 3, and 68; 7, sections 37, subdivision 6, 41, subdivision 4, and 44; 8, sections 14 and 19, subdivision 6; and 9, sections 75 and 76; proposing coding for new law in Minnesota Statutes, chapters 123; 124; 124C; and 135A; repealing Minnesota Statutes 1990, sections 121.25; 121.26; 121.27; 121.28; 122.23, subdivisions 16a and 16b; 124.274; 125.03, subdivision 5; 128A.022, subdivision 5; 134.34, subdivision 2; 136D.74, subdivision 3; 136D.76, and subdivision 3; Minnesota Statutes 1991 Supplement, sections 121.935, subdivisions 7 and 8; 123.35, subdivision 19; 124.2721, subdivisions 5a and 5b; 124.2727, subdivisions 1, 2, 3, 4, and 5; and 136D.90, subdivision 2; Laws 1990, chapters 562, article 12; 604, article 8, section 12; and 610, article 1, section 7, subdivision 4; and Laws 1991, chapter 265, article 9, section 73.

April 13, 1992

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H.F. No. 2121, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2121 be further 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, *article 6, section 13*; 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 122.531, subdivision 2, is amended to read:

Subd. 2. [VOLUNTARY DISSOLUTION: REFERENDUM ~~LEVIES~~ *REVENUE*.] As of the effective date of the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 122.22, the authorization for all referendum ~~levies~~ *revenues* previously approved by the voters of all affected districts for those districts pursuant to section 124A.03, subdivision 2, or its predecessor provision, is canceled. However, if all of the territory of any independent district is included in the enlarged district, and if the adjusted net tax capacity of taxable property in that territory comprises 90 percent or more of the adjusted net tax capacity of all taxable property in an enlarged district, ~~the board of~~ the enlarged ~~district may levy the increased amount previously approved by a referendum in the preexisting independent district upon all taxable property in the enlarged district~~ *district's referendum revenue shall be determined as follows:*

If the referendum revenue previously approved in the preexisting district is authorized as a tax rate, the referendum revenue in the enlarged district is the tax rate times the net tax capacity of the enlarged district. If referendum revenue previously approved in the preexisting district is authorized as revenue per actual pupil unit, the referendum revenue shall be the revenue per actual pupil unit times the number of actual pupil units in the enlarged

district. If referendum revenue in the preexisting district is authorized both as a tax rate and as revenue per actual pupil unit, the referendum revenue in the enlarged district shall be the sum of both plus any referendum revenue in the preexisting district authorized as a dollar amount. Any new referendum ~~levy~~ *revenue* shall be ~~certified~~ *authorized* only after approval is granted by the voters of the entire enlarged district in an election pursuant to section 124A.03, subdivision 2.

Sec. 4. Minnesota Statutes 1990, section 122.531, subdivision 2a, is amended to read:

Subd. 2a. [CONSOLIDATION; MAXIMUM AUTHORIZED REFERENDUM ~~LEVIES~~ *REVENUES.*] As of the effective date of a consolidation pursuant to section 122.23, if the plan for consolidation so provides, or if the plan for consolidation makes no provision concerning referendum ~~levies~~ *revenues*, the authorization for all referendum ~~levies~~ *revenues* previously approved by the voters of all affected districts for those districts pursuant to section 124A.03, subdivision 2, or its predecessor provision shall be recalculated as provided in this subdivision. The referendum ~~levy~~ *revenue* authorization for the newly created district shall be the ~~local~~ *net* tax *capacity* rate that would raise an amount equal to the combined dollar amount of the referendum ~~levies~~ *revenues* authorized by each of the component districts for the year preceding the consolidation, unless the referendum ~~levy~~ *revenue* authorization of the newly created district is subsequently modified pursuant to section 124A.03, subdivision 2. If the referendum ~~levy~~ *revenue* authorizations for each of the component districts were limited to a specified number of years, the referendum ~~levy~~ *revenue* authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. If the referendum ~~levy~~ *revenue* authorization of any component district is not limited to a specified number of years, the referendum ~~levy~~ *revenue* authorization for the newly created district shall not be limited to a specified number of years.

Sec. 5. Minnesota Statutes 1990, section 122.531, subdivision 2b, is amended to read:

Subd. 2b. [ALTERNATIVE METHOD.] As of the effective date of a consolidation pursuant to section 122.23, if the plan for consolidation so provides, the authorization for all referendum ~~levies~~ *revenues* previously approved by the voters of all affected districts for those districts pursuant to section 124A.03, subdivision 2, or its predecessor provision shall be combined as provided in this subdivision. The referendum ~~levy~~ *revenue* authorization for the newly created district may be any ~~local tax rate~~ *allowance per actual pupil unit* provided in the plan for consolidation, but may not exceed the ~~local tax rate~~ *allowance per actual pupil unit* that would raise an amount equal to the combined dollar amount of the referendum ~~levies~~ *revenues* authorized by each of the component districts for the year preceding the consolidation. If the referendum ~~levy~~ *revenue* authorizations for each of the component districts were limited to a specified number of years, the referendum ~~levy~~ *revenue* authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. If the referendum ~~levy~~ *revenue* authorization of any component district is not limited to a specified number of years, the referendum ~~levy~~ *revenue* authorization for the newly created district shall not be limited to a specified number of years. The referendum ~~levy~~ *revenue* authorization for the newly created district may be modified pursuant to section 124A.03, subdivision 2.

Sec. 6. 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 5, 6e, 6i, 6k, and 24; article 6, sections 29 and 36; article 12, section 25; and section 20 of this article.* 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. 7. 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. 8. Minnesota Statutes 1991 Supplement, section 124.195, subdivision 3a, is amended to read:

Subd. 3a. [APPEAL.] The commissioner *in consultation with the commissioner of finance* 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. 9. [124.197] [SHORT-TERM BORROWING COST REIMBURSEMENT AID.]

Subdivision 1. [FROM 1993 AND THEREAFTER.] *Beginning in fiscal year 1993, the commissioner of education shall pay aid to eligible school districts to reimburse them for costs of short-term borrowing.*

Subd. 2. [DOCUMENTATION.] *Short-term borrowing cost reimbursement aid shall only be paid to a school district providing documentation to the commissioner of education demonstrating that it engaged in short-term borrowing during the fiscal year for which it is requesting reimbursement. The commissioner shall determine and define specific data that districts must provide and establish the due date for submission. Any district not submitting required data by the due date will be excluded from the aid calculations for that year.*

Subd. 3. [DEFINITION.] *For purposes of this section, "cash need" equals the difference between estimated cumulative expenditures and estimated cumulative receipts calculated in a manner consistent with sections 124.155 and 124.195, less the amount of cash balance determined according to section 124.196.*

Subd. 4. [COMPUTATION.] *The maximum short-term borrowing cost reimbursement aid for a fiscal year shall be the smaller of:*

(1) documented short-term borrowing costs; or

(2) the sum of the products of:

(i) a semimonthly short-term borrowing interest rate estimated by the commissioner of finance, times

(ii) the positive semimonthly differences between:

(a) the cash need estimated in a manner consistent with sections 124.155 and 124.195, assuming the revenue recognition percent specified in section 121.904, subdivisions 4a and 4e, is 50 percent; and the schedules and criteria for aid and credit payments in section 124.195; and

(b) the cash need estimated in a manner consistent with sections 124.155 and 124.195, assuming the revenue recognition percent specified in section 121.904, subdivision 4a, is 37 percent; the schedules and criteria for aid and credit payments in section 124.195. The cash need calculations required for determining the short-term borrowing cost reimbursement aid are to be based on the data used in accordance with the state aid payment calculations required by section 124.195 for the May 30 payment period. The commissioner of education may adjust the May 30 data for updated information as is appropriate.

Subd. 5. [PAYMENT.] *The short-term borrowing cost reimbursement aid shall be paid in full to eligible districts on or before June 30 of each fiscal year.*

Subd. 6. [APPROPRIATION.] *There is annually appropriated to the commissioner of education the amount needed to pay short-term borrowing cost reimbursement aid as established in this section.*

Sec. 10. [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. If a district has referendum authority under*

section 124A.03 and levy authority under section 275.125, subdivisions 6e and 6i, and the district requests that each be converted, the department shall convert separate revenue allowances for each. 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, unless it is scheduled to expire sooner.

Sec. 11. Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 1c, is amended to read:

Subd. 1c. [REFERENDUM ALLOWANCE LIMIT.] Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

(1) the district's referendum allowance for fiscal year 1992; ~~or~~

(2) *the district's referendum allowance for fiscal year 1993;*

(3) ~~35~~ *30* percent of the formula allowance for ~~that~~ *the* fiscal year *for which it is attributable; or*

(4) for a district that held a successful referendum levy election in calendar year 1991, 35 percent of the formula allowance for the fiscal year to which it is attributable.

Sec. 12. 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 *referendum* 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 *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. 13. 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. 14. Minnesota Statutes 1991 Supplement, section 124A.03, is amended by adding a subdivision to read:

Subd. 2b. [REFERENDUM DATE.] *In addition to the referenda allowed in subdivision 2, clause (g), the commissioner may authorize a referendum for a different day.*

(a) The commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(b) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

Sec. 15. 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~~ *$969,800,000* 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.

Sec. 16. Minnesota Statutes 1991 Supplement, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. [REVENUE REDUCTION.] A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds $600 times the fund balance pupil units in the prior year. For purposes of this subdivision ~~only~~ *and section 124.243, subdivision 2*, fund balance pupil units means the number of resident pupil units in average daily membership, including shared time pupils, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23. The amount of the reduction shall equal the lesser of:

(1) the amount of the excess, or

(2) $150 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

Sec. 17. Minnesota Statutes 1990, section 124A.26, is amended by adding a subdivision to read:

Subd. 1a. [ALTERNATIVE REDUCTION CALCULATION.] *For any district where the ratio of (1) the number of nonpublic students ages 5 to 18, according to the report required under section 120.102, to (2) the total number of residents in the district ages 5 to 18 as counted according to the annual fall school census is greater than 40 percent, the district's net unappropriated operating fund balance for that year for the purpose of calculating the fund balance reduction under this section is equal to the sum of the district's net unappropriated fund balance in the general, transportation, and food service funds.*

Sec. 18. Minnesota Statutes 1991 Supplement, section 124A.29, subdivision 1, is amended to read:

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. *A district may use up to $1 of the $5 times the number of actual pupil units for promoting parental involvement in the PER process.*

Sec. 19. Minnesota Statutes 1991 Supplement, section 126.70, is amended to read:

126.70 [STAFF DEVELOPMENT PLAN.]

Subdivision 1. [ELIGIBILITY FOR REVENUE.] A school board may use the revenue authorized in section 124A.29 ~~for staff time for peer review under section 125.12 or 125.17, or~~ if it establishes ~~an outcome-based~~ *a* staff development advisory committee and adopts a staff development plan ~~on outcome-based education according to~~ *under* 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 ~~containing proposed outcome-based education activities and~~ *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 section 124A.29. ~~Copies of approved plans must be submitted to the commissioner.~~ *Districts must submit approved plans to the commissioner.*

Subd. 2. [CONTENTS OF THE PLAN.] The plan may include:

(1) procedures the district will use to analyze ~~outcome-based~~ education needs;

(2) ~~integration~~ *methods for integrating education needs* with in-service and curricular efforts already in progress;

(3) *education* goals ~~to be achieved~~ and the means to ~~be used~~ *achieve the goals*; and

(4) procedures for evaluating progress *toward meeting education needs and goals.*

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~~ *learning*;

(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~~ *goals* 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.

Sec. 20. [LOW FUND BALANCE LEVY.]

(a) For 1992 taxes payable in 1993, a district meeting the qualifications in paragraph (b) may levy an amount not to exceed $40 times the number

of actual pupil units in the district in fiscal year 1993.

(b) a district qualifies for a levy under this section if:

(1) its net unappropriated operating fund balance on June 30, 1991, divided by its actual pupil units for fiscal year 1993 is less than $85;

(2) its adjusted net tax capacity used to compute fiscal year 1993 general education revenue divided by its fiscal year 1993 actual pupil units is less than $2,100; and

(3) it does not have referendum levy authority under Minnesota Statutes, section 124A.03.

Sec. 21. [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 $182,700,000 in a manner consistent with Minnesota Statutes, section 124.155, subdivision 2.

Sec. 22. [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. 23. [BORROWING AGAINST LEVIES.]

The limit for borrowing money upon negotiable tax anticipation certificates of indebtedness, according to Minnesota Statutes, section 124.73, subdivision 1, is increased from 50 to 75 percent for certificates or warrants issued before July 1, 1993.

Sec. 24. [EFFECTIVE DATES.]

Section 12 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.

Sections 13 and 14 are effective the day following final enactment.

Section 16 is effective the day following final enactment and applies to 1991-1992 and later school years.

Section 17 is effective retroactively to July 1, 1990, and applies to 1990-1991 and later school years.

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 early childhood family education programs *and learning readiness program* 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 275.125, is amended by adding a subdivision to read:

Subd. 5i. [TRANSPORTATION LEVY FOR LATE ACTIVITY BUS.] *(a) A school district may levy an amount equal to the lesser of:*

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections 122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the district's regular transportation revenue for that school year according to section 124.225, subdivision 7d, paragraph (a).

(b) A district that levies under this section must provide late transportation home from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

(c) A district may levy under this subdivision only if the district provided late transportation home from school during fiscal year 1991.

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 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 1990, section 120.17, subdivision 8a, is amended to read:

Subd. 8a. [RESIDENCE OF CHILD UNDER SPECIAL CONDITIONS.] The legal residence of a handicapped child placed in a foster facility for care and treatment when: (1) parental rights have been terminated by court order; (2) parent or guardian is not living within the state; ~~or~~ (3) no other school district residence can be established, *or (4) parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections;* shall be the school district in which the child resides. The school board of the district of residence shall provide the same educational program for such child as it provides for all resident handicapped children in the district.

Sec. 5. Minnesota Statutes 1991 Supplement, section 120.17, subdivision 11a, is amended to read:

Subd. 11a. [STATE INTERAGENCY COORDINATING COUNCIL.] An interagency coordinating council of *at least* 15 members *but not more than 25* is established, *in compliance with Public Law Number 102-119, section 682.* The members ~~and the chair~~ shall be appointed by the governor. *Council members shall elect the council chairperson. The representative of the commissioner of education may not serve as the chairperson.* The council shall be composed of at least ~~three~~ *five* parents, *including persons of color,* of children *with disabilities* under age ~~seven with handicaps~~ *12, including at least three parents of a child with a disability under age seven,* three representatives of public or private providers of services for children *with disabilities* under age five ~~with handicaps~~, *including a special education director, county social service director, and a community health services or public health nursing administrator,* one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education *or other preparation programs in early childhood intervention*, at least one representative of advocacy organizations for children with ~~handicaps, at least one representative of a school district or a school district cooperative, and other members knowledgeable about children~~ *disabilities* under age five ~~with handicaps~~, *one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, and jobs and training, and a representative from Indian health services or a tribal council.* Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly. ~~A representative of each of the commissioners of education, health, and human services shall attend council meetings as a nonvoting member of the council.~~

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with ~~handicaps~~ *disabilities* and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with ~~handicaps~~ *disabilities* and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

~~It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, case management, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with handicaps to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.~~

Each year by ~~January 15~~ *June 1*, the council shall ~~submit its recommendations~~ *recommend* to the governor and the commissioners of education, health, ~~and~~ human services, *commerce, and jobs and training policies for a comprehensive and coordinated system*.

Sec. 6. Minnesota Statutes 1990, section 120.17, is amended by adding a subdivision to read:

Subd. 11b. [RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL DISTRICTS.]

It is the joint responsibility of county boards and school districts to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, case management, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with handicaps to benefit from early intervention services. School districts must be the primary agency in this cooperative effort.

Sec. 7. 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 persons 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 post-school 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. 8. 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 district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.*

(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 district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching.*

(e) The district of residence shall ~~receive general education aid for~~ *include* the pupil *in its residence 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. 9. Minnesota Statutes 1990, section 124.331, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of sections 124.331 to 124.333 is to improve the education of public school pupils by:

(1) working toward reducing instructor-learner ratios and increasing the amount of individual attention given each learner in kindergarten ~~and~~ *through* grade ~~+~~ *3* to help each learner develop socially and emotionally and in knowledge, skills, and attitudes; and

(2) improving program offerings.

Sec. 10. Minnesota Statutes 1990, section 124.331, subdivision 3, is amended to read:

Subd. 3. [STATE REVENUE CRITERIA.] Revenue available under section 124.332 is to enable a district to work to achieve the district's instructor-learner ratios in kindergarten ~~and~~ *through* grade ~~+~~ *3* established by the curriculum advisory committee in each district, and to prepare and use an individualized learning plan for each learner in kindergarten ~~and~~ *through* grade ~~+~~ *3*. A district must not increase the districtwide instructor-learner

ratios in grades ~~2~~ *4* through 8 as a result of reducing instructor-learner ratios in kindergarten ~~and~~ *through* grade ~~1~~ *3*.

A district's curriculum advisory committee, as part of the policy under section 126.666, must develop a districtwide plan to work to achieve the instructor-learner ratios in kindergarten ~~and~~ *through* grade ~~1~~ *3* adopted by the school board of the district, and to prepare and use an individualized learning plan for each learner in kindergarten ~~and~~ *through* grade ~~1~~ *3*. If the school board of a school district determines that the district has achieved and is maintaining the instructor-learner ratios specified by the district's curriculum advisory committee, and has prepared and is using individualized learning plans, the school board must direct the school district to use the aid it receives under section 124.332 to work to improve program offerings throughout the district, or the education district of which the district is a member, based upon a plan developed by the district's curriculum advisory committee.

Sec. 11. 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 *or as otherwise set in federal law*.

A person who has actual living expenses in addition to those addressed by the ~~uniform~~ *congressional* methodology for needs determination, *or as otherwise set in federal law*, 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. 12. Minnesota Statutes 1991 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

(4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;

(5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten ~~regular and~~ special education *in a school as defined in section 120.101, subdivision 4, and programs serving children in combined special education and regular prekindergarten* programs that are operated *or assisted* by the commissioner of education ~~or a school as defined in section 120.101, subdivision~~ 4;

(6) nonresidential programs for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building or present on property that is contiguous with the physical facility where the nonresidential program is provided;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;

(9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;

(10) programs licensed by the commissioner of corrections;

(11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;

(12) programs whose primary purpose is to provide, for adults or school-age children, including children who will be eligible to enter kindergarten within not more than four months, social and recreational activities, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;

(13) head start nonresidential programs which operate for less than 31 days in each calendar year;

(14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;

(15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;

(16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;

(17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;

(18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(19) mental health outpatient services for adults with mental illness or children with emotional disturbance; or

(20) residential programs serving school-age children whose sole purpose

is cultural or educational exchange, until the commissioner adopts appropriate rules.

~~For purposes of clause (5), the department of education, after consulting with the department of human services, shall adopt standards applicable to preschool programs administered by public schools that are similar to Minnesota Rules, parts 9503.005 to 9503.0175. These standards are exempt from rulemaking under chapter 14.~~

Sec. 13. 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. 14. [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 must not result in a reduction in state aid to any other district.

Sec. 15. [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. 16. [STATE INTERAGENCY COORDINATING COUNCIL REPORT.]

The state interagency coordinating council shall appoint a task force composed of council members and representatives of all affected state and local agencies, including county boards and school districts, to study and report to the education committees of the legislature by February 15, 1993, the short- and long-term fiscal impact to the state of providing a comprehensive

and coordinated system of services to infants and toddlers with disabilities from birth through age two and their families.

Sec. 17. [COUNCIL TO REVIEW DEPARTMENT OF HUMAN SERVICES RULE.]

The early childhood care and education council shall appoint a task force composed of council members and affected early childhood service providers to study and recommend to the human services and education committees of the legislature by February 15, 1993, education program standards and licensure procedures for programs subject to licensure under Minnesota Rules, parts 9503.0005 to 9503.0175.

Sec. 18. [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.

Sec. 19. [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. 20. [EFFECTIVE DATE.]

Sections 5, 6, and 14 are effective the day following final enactment.

ARTICLE 4

EARLY CHILDHOOD, COMMUNITY, AND ADULT EDUCATION

Section 1. Minnesota Statutes 1991 Supplement, section 123.702, subdivision 1, is amended to read:

Subdivision 1. Every school board shall provide for a mandatory program of early childhood developmental screening for children who are four years old and older but who have not entered kindergarten or first grade in a public school. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory ~~prerequisite to enrolling~~ *requirement for* a student *to* ~~in~~ *continue attending* kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a school board if the child's health records indicate to the school board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. The school districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers in implementing the program.

Sec. 2. Minnesota Statutes 1991 Supplement, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. A child must not be enrolled ~~in this state~~ in *kindergarten or first grade in* a public school ~~until~~ *unless* the parent or guardian of the child submits to the school principal or other person having general control and supervision of the school a record indicating the months and year the child received developmental screening and the results of the screening *not later*

than 30 days after the first day of attendance. If a child is transferred from one kindergarten to another or from one first grade to another, the parent or guardian of the child must be allowed 30 days to submit the child's record, during which time the child may attend school.

Sec. 3. Minnesota Statutes 1991 Supplement, section 123.702, subdivision 1b, is amended to read:

Subd. 1b. *(a)* A screening program shall include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, *the child's height and weight*, review of any special family circumstances that might affect development, identification of additional risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. *The school district and the person performing or supervising the screening shall provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice shall clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the school district and the person performing or supervising the screening must convey the information in another manner. The notice shall also inform the parent or guardian that a child need not submit to the school district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice shall be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and shall be given again at the screening location.*

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. No developmental screening program shall provide laboratory tests~~, a health history~~ or a physical examination to any child. The school district shall request from the public or private health care organization or the individual health care provider the results of any laboratory test~~, health history~~ or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district shall refer the child to an appropriate health care provider.

(d) A school board may offer additional components such as nutritional, physical and dental assessments, blood pressure, ~~and~~ laboratory tests, *and health history*. State aid shall not be paid for additional components.

Sec. 4. Minnesota Statutes 1991 Supplement, section 123.702, subdivision 3, is amended to read:

Subd. 3. The school board shall inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening ~~before enrolling in~~ *not later than 30 days after the first day of attending* kindergarten or first grade in a public school.

Sec. 5. Minnesota Statutes 1991 Supplement, section 124.19, subdivision 7, is amended to read:

Subd. 7. [ALTERNATIVE PROGRAMS.] (a) This subdivision applies to an alternative program that has been approved by the state board of education pursuant to Minnesota Rules, part 3500.3500, as exempt from Minnesota Rules, part 3500.1500, requiring a school day to be at least six hours in duration.

(b) To receive general education revenue for a pupil in an alternative program, a school district must meet the requirements in this paragraph. The program must be approved by the commissioner of education. In approving a program, the commissioner may use the process used for approving state designated area learning centers under section 124C.49.

(c) In addition to the requirements in paragraph (b), to receive general education revenue for a pupil in an alternative program that has an independent study component, a school district must meet the requirements in this paragraph.

The school district must develop with the pupil a continual learning plan for the pupil. A district must allow a minor pupil's parent or guardian to participate in developing the plan, if the parent or guardian wants to participate. The plan must identify the learning experiences and expected outcomes needed for satisfactory credit for the year and for graduation. The plan must be updated each year.

General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full school year, or its equivalent.

General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by the product of the number of instructional days required for that year and six~~, but not more than one, except as otherwise provided in section 121.585~~. *Average daily membership for a pupil must not exceed one, unless:*

(1) a pupil participates in a learning year program under section 121.585;

(2) a pupil's regular graduating class has already graduated; or

(3) a pupil needs additional course credits in order to graduate on time.

For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

Sec. 6. 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. 7. Minnesota Statutes 1991 Supplement, section 124.2605, is amended to read:

124.2605 [GED TEST FEES.]

The commissioner of education shall pay 60 percent of the ~~costs of a GED test taken by~~ *fee that is charged to* an eligible individual *for the full battery of a GED test, but not more than $20 for an eligible individual.*

Sec. 8. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 25. [LEVY FOR CERTAIN CHILDREN IN EXTENDED DAY PROGRAMS.] *A school district that offers an extended day program according to section 121.88, subdivision 10, may levy for the additional costs of providing services to children with disabilities who participate in the extended day program.*

Sec. 9. 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.~~

Sec. 10. [EFFECTIVE DATE.]

Section 5 is effective July 1, 1992, and applies to 1992-1993 and later school years. Section 9 is effective the day following final enactment.

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1990, section 121.148, subdivision 3, is amended to read:

Subd. 3. [NEGATIVE REVIEW AND COMMENT.] *(a)* If the commissioner submits a negative review and comment for a proposal according to section 121.15, ~~the school board must not proceed with construction.~~ *the following steps must be taken:*

(1) the commissioner must notify the school board of the proposed negative review and comment and schedule a public meeting within 60 days of the notification within that school district to discuss the proposed negative review and comment on the school facility; and

(2) the school board shall appoint an advisory task force of up to five members to advise the school board and the commissioner on the advantages, disadvantages, and alternatives to the proposed facility at the public meeting. One member of the advisory task force must also be a member of the county facilities group.

(b) After attending the public meeting, the commissioner shall reconsider the proposal. If the commissioner submits a negative review and comment,

the school board may appeal that decision to the state board of education. The state board of education may either uphold the commissioner's negative review and comment or instruct the commissioner to submit a positive or unfavorable review and comment on the proposed facility.

(c) A school board may not proceed with construction if the state board of education upholds the commissioner's negative review and comment or if the commissioner's negative review and comment is not appealed.

Sec. 2. 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~~ *$128* 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~~. *A district's capital expenditure facilities revenue for a school year shall be reduced if* 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~~ *exceeds $270 times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds $270 times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.*

Sec. 3. Minnesota Statutes 1990, section 124.243, is amended by adding a subdivision to read:

Subd. 2a. [EXCEPTION TO FUND BALANCE REDUCTION.] *A district may apply to the commissioner for approval for an unreserved fund balance in its capital expenditure facilities account that exceeds $270 per fund balance pupil unit for a period not to exceed three years. If the commissioner approves the district's application, the district's capital expenditure facilities revenue shall not be reduced according to subdivision 2. The commissioner may approve a district's application for an exception only if the use of the district's capital expenditure facilities funds are consistent with plans adopted according to subdivision 1.*

Sec. 4. 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. 5. 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~~ *$63* times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Sec. 6. Minnesota Statutes 1990, section 124.431, is amended by adding a subdivision to read:

Subd. 1a. [CAPITAL LOANS ELIGIBILITY.] *Beginning July 1, 1992, a district is not eligible for a capital loan unless the district's estimated net debt tax rate after debt service equalization aid would be more than 20 percent of adjusted net tax capacity.*

Sec. 7. Minnesota Statutes 1991 Supplement, section 124.479, is amended to read:

124.479 [BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS, 1991.]

To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of $45,065,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school

loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.

~~No bonds may be sold or issued under this section until all bonds authorized by Laws 1990, chapter 610, sections 2 to 7, are sold and issued and the authorized project contracts have been initiated or abandoned.~~

Sec. 8. Minnesota Statutes 1990, section 124.493, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL BY COMMISSIONER.] To the extent money is available, the commissioner of education may approve ~~not more than two pilot~~ projects from applications submitted under section 124.494. The grant money must be used only to acquire, construct, remodel or improve the building or site of a cooperative secondary facility under contracts to be entered into within 15 months after the date on which each grant is awarded.

Sec. 9. Minnesota Statutes 1991 Supplement, section 124.493, subdivision 3, is amended to read:

Subd. 3. [~~APPLICATIONS~~ *COOPERATION AND COMBINATION.*] Districts that ~~apply for~~ *receive* a cooperative secondary facilities grant after May 1, 1991, shall:

(1) submit a plan as set forth in section 122.242 for approval by the state board of education; and

(2) ~~comply with the provisions of sections 122.243 to 122.247, applicable to combined districts~~ *hold a referendum on the question of combination no later than four years after a grant is awarded under section 124.493, subdivision 1.*

The districts are ~~not~~ eligible for cooperation and combination revenue under section 124.2725. ~~Sections 124.494, 124.4945, and 124.4946 do not apply to districts applying for a grant after May 1, 1991, except for provisions in the sections relating to acquiring, constructing, remodeling, or improving a building or site of a cooperative secondary facility.~~

Sec. 10. Minnesota Statutes 1990, section 124.494, subdivision 2, is amended to read:

Subd. 2. [REVIEW BY COMMISSIONER.] (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint

powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least ~~240~~ *198* pupils would be served in grades 10 to 12, ~~320~~ *264* pupils would be served in grades 9 to 12, or ~~480~~ *396* pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district; ~~and~~

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

Sec. 11. Minnesota Statutes 1990, section 124.494, subdivision 4, is amended to read:

Subd. 4. [AWARD OF GRANTS.] The commissioner shall examine and consider all applications for grants, and if any joint powers district is found not qualified, the commissioner shall promptly notify that joint powers board. On July 1 of 1989, the commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than one month. *On July 1, 1992, the commissioner shall make awards to no more than two groups of districts. Notwithstanding section 124.494, subdivision 4, the first grant shall be made to the group of districts consisting of independent school districts No. 240, Blue Earth;*

No. 225, Winnebago; No. 219, Elmore; and No. 218, Delevan, if that group has submitted an application and if the application has been approved. The second grant, if money remains, shall be made to the group of districts that make up the Grant county project, if that group has submitted an application and if that application has been approved. Applications must be filed on or before June 1, 1992, for the July 1, 1992, grant award consideration. A grant award is subject to verification by the joint powers districts as specified in subdivision 6. A grant award must not be made until the site of the secondary facility has been determined. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers district the amount, if any, of the grant awarded to it.

Sec. 12. Minnesota Statutes 1990, section 124.494, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM; BOND ISSUE.] Within ~~90~~ *180* days after being awarded a grant under subdivision 4, the joint powers board shall submit the question of authorizing the borrowing of funds for the secondary facility to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale in accordance with chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education. If the question is approved by the voters, the commissioner shall notify the approved applicant districts that the grant amount certified under subdivision 4 is available and appropriated for payment under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Sec. 13. 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. 14. 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 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. 15. 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, 1992, 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~~ *1992*, ~~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. *The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:*

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for sparsity revenue.

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. 16. Minnesota Statutes 1991 Supplement, section 124.95, is amended by adding a subdivision to read:

Subd. 2a. [NOTIFICATION.] *A district eligible for debt service equalization revenue under subdivision 2 must notify the commissioner of the amount of its intended debt service levy calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.*

Sec. 17. Minnesota Statutes 1991 Supplement, section 124.95, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE EQUALIZATION REVENUE.] (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the required debt service levy minus the amount raised by a levy of ~~12~~ *ten* percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

Sec. 18. Minnesota Statutes 1991 Supplement, section 124.95, subdivision 4, is amended to read:

Subd. 4. [EQUALIZED DEBT SERVICE LEVY.] To obtain debt service

equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year ~~to which the levy is attributable~~ *prior to the year the levy is certified*; ~~or~~ *to*

(2) *50 percent of* the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

Sec. 19. Minnesota Statutes 1991 Supplement, section 124.95, subdivision 5, is amended to read:

Subd. 5. [DEBT SERVICE EQUALIZATION AID.] A district's debt service equalization aid is the difference between the debt service equalization revenue and the equalized debt service levy. ~~A district's debt service equalization aid must not be prorated.~~ *If the amount of debt service equalization aid actually appropriated for the fiscal year in which this calculation is made is insufficient to fully fund debt service equalization aid, the commissioner shall prorate the amount of aid across all eligible districts.*

Sec. 20. [124.9601] [DEBT SERVICE APPROPRIATION.]

$6,000,000 is appropriated in fiscal year 1993 from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. $17,000,000 in fiscal year 1994 and $21,000,000 in fiscal year 1995 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. These amounts must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 21. [124.9602] [1993 and 1994 APPROPRIATIONS.]

Notwithstanding section 124.95, subdivision 6, one-half of the aid appropriation in section 20 for fiscal year 1993 shall be paid to districts on March 15, 1993. One-half of the appropriation for fiscal year 1993 shall cancel to the general fund. Notwithstanding section 124.95, subdivision 6, of the appropriation for fiscal year 1994 in section 20, $3,000,000 shall be paid to districts on September 15, 1993, and the remaining appropriation for fiscal year 1994 shall be paid according to section 124.95, subdivision 6.

Sec. 22. 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 kept 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.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(3) The district may terminate the installment contract or lease purchase agreement at the end of any fiscal year during its term.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner 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 defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) 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 levies otherwise authorized by this subdivision.

(f) Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.

Sec. 23. 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. *Under this section, a school district is located within a county if it has an administrative office or a facility or a planned facility under section 121.15 in the county.*

Sec. 24. 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. 25. 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 excess owed to the state. The commissioner ~~may~~ *shall* reduce the excess that a district owes the state 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; *or*

(4) the district would have qualified for a capital loan during calendar year 1990 or 1991.

(b) The amount of the excess that may be forgiven may not exceed ~~$200,000~~ *$260,000* in a single year for any district.

(c) Any amount reduced shall be excluded from the determination of debt excess under Minnesota Statutes, section 475.61. 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 bonds.

Sec. 26. Laws 1991, chapter 265, article 5, section 24, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

$11,560,000 1992

$11,351,000 1993

The 1992 appropriation includes $1,650,000 for 1991 and $9,910,000 for 1992.

The 1993 appropriation includes $1,748,000 for 1992 and $9,603,000 for 1993.

For fiscal year 1993, total health and safety revenue may not exceed $58,800,000. The state board of education shall establish criteria for prioritizing district health and safety project applications not to exceed this amount. The criteria may not discriminate between the number of pupils in and the geographic location of school districts.

$60,000 of the fiscal year 1993 appropriation shall be used to contract with the state fire marshal to provide the services required under Minnesota Statutes, section 121.502. This amount is in addition to the amount in Laws 1991, chapter 265, article 11, section 23, subdivision 3.

Sec. 27. [HEALTH AND SAFETY PLAN; RICHFIELD.]

Notwithstanding other law, independent school district No. 280, Richfield, to pay off 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, 1995.

Sec. 28. [DULUTH BONDING.]

Subdivision 1. [BONDING AUTHORIZATION.] *To provide funds for the acquisition and betterment, as defined in Minnesota Statutes, section 475.51, subdivisions 7 and 8, of existing and new facilities, independent school district No. 709 may, by two thirds majority plus one vote of all the members of the school board, issue general obligation bonds in one or more series in calendar years 1992 and 1993 as provided in this section. The aggregate principal amount of any bonds issued under this section for calendar years 1992 and 1993 may not exceed $9,600,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 709, Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. If the school board proposes to issue bonds under this section, it must publish a resolution describing the proposed bond issue once each week for two successive weeks in a legal newspaper published in the city of Duluth. The bonds may be issued without the submission of the question of their issue to the electors unless, within 30 days after the second publication of the resolution, a petition requesting an election signed by a number of people residing in the school district equal to five percent of the people registered to vote in the last general election in the school district is filed with the recording officer. If such a petition is filed, no bonds shall be issued under this section unless authorized by a majority of the electors voting on the question at the next general or special election called to decide the issue. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to*

issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of chapter 124 or any other law other than Minnesota Statutes, section 475.53, subdivision 4, as made applicable to independent school district No. 709 by Laws 1973, chapter 266.

Subd. 2. [TAX LEVY FOR DEBT SERVICE.] *To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 709 shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

Sec. 29. [LAKE SUPERIOR, VIRGINIA, GRAND RAPIDS SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] *Independent school district No. 381, Lake Superior, may issue bonds in an aggregate principal amount not exceeding $779,500, and independent school district No. 318, Grand Rapids, may issue, subject to the requirement of subdivision 8, bonds in an aggregate principal amount not exceeding $5,600,000, and independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding $5,000,000, in addition to any bonds already issued or authorized, to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. They may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of chapter 475 with respect to the levying of taxes for their payment.*

Subd. 2. [APPROPRIATION.] *There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.*

Subd. 3. [DISTRICT OBLIGATIONS.] *Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.64. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to*

become due.

Subd. 4. [DISTRICT LEVY.] *The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.*

Subd. 5. [LEVY LIMITATIONS.] *Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.*

Subd. 6. [BONDING LIMITATIONS.] *Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.*

Subd 7. [TERMINATION OF APPROPRIATION.] *The appropriation authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.*

Subd. 8. [GRAND RAPIDS REQUIREMENT FOR ISSUING BONDS.] *Independent school district No. 318, Grand Rapids, may not issue any bonds according to the authority in subdivision 1 unless the district expends at least $100,000 of the proceeds of the bonds for capital improvements for the industrial technology program at Big Fork.*

Subd. 9. [LOCAL APPROVAL.] *This section is effective for independent school district No. 381 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 318 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 706 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 30. [FUND BALANCE LIMIT EXCEPTION.]

Notwithstanding Minnesota Statutes, section 124.243, subdivision 2, the capital expenditure facilities revenue for special school district No. 6, South St. Paul, for fiscal years 1992, 1993, and 1994 must not be reduced because of the district's fund balance.

Sec. 31. [LEVY AND AID ADJUSTMENTS.]

The department of education shall adjust the levy limits and aid payments for special school district No. 6, South St. Paul, according to section 30. Adjustment to the school district levy may be spread over three years.

Sec. 32. [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 to 1996.*

Subd. 2. [NOTICE.] *(a) 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.

(b) 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).

(c) To comply with paragraph (b), 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 to 1996 only after complying with the requirements of subdivision 2.*

Sec. 33. [CAPITAL LOAN USES.]

Notwithstanding any other law to the contrary, independent school district No. 885, St. Michael-Albertville, may recognize an amount not to exceed $325,000 from its maximum effort capital loan as capital expenditure equipment revenue. This amount is available to the district and does not return to the state.

Sec. 34. [LEVY ADJUSTMENT.]

The department of education shall adjust the 1992 levy for taxes payable in 1993 for each school district by the amount of debt service equalization aid entitlement for fiscal year 1993.

Sec. 35. [INSTRUCTION TO THE REVISOR.]

The revisor of statutes, in the 1992 edition of Minnesota Statutes, shall codify Laws 1990, chapter 610, article 1, section 45, as Minnesota Statutes, section 124.478, notwithstanding any law to the contrary.

Sec. 36. [REPEALER.]

Laws 1990, chapter 604, article 8, section 12, is repealed the day following final enactment.

Section 22 is repealed July 1, 1995. Levies may continue to be made under section 22 until installment contracts and lease purchase agreements have been satisfied.

Sec. 37. [EFFECTIVE DATE.]

Sections 8, 9, 10, 11, 25, 30, 31, 32, 33, and 36 are effective the day following final enactment.

Section 3 is effective the day following final enactment and applies to 1991-1992 and later school years.

Section 1 is effective July 1, 1992, and applies to school facilities projects submitted to the commissioner on or after July 1, 1992.

Section 4 is effective July 1, 1993.

ARTICLE 6

ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1991 Supplement, section 121.932, subdivision 2, is amended to read:

Subd. 2. [DATA ACQUISITION CALENDAR.] The department of education shall maintain a current annual data acquisition calendar specifying the reports which ~~must be provided~~ *districts are required to provide to the department, the reports which regional management information centers are required to provide* to the department *for their affiliated districts*, and the dates these reports are due.

Sec. 2. Minnesota Statutes 1991 Supplement, section 121.932, subdivision 5, is amended to read:

Subd. 5. [ESSENTIAL DATA.] The department shall maintain a list of essential data elements which must be recorded and stored about each pupil, licensed and nonlicensed staff member, and educational program. Each school district shall send the essential data to the ESV regional computer center to which it belongs, ~~or~~ *where it shall be edited and transmitted* to the department in the form and format prescribed by the department.

Sec. 3. Minnesota Statutes 1991 Supplement, section 121.935, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] Any group of two or more independent, special or common school districts may with the approval of the state board pursuant to sections 121.931 and 121.937 create a regional management information center pursuant to section 123.58 or 471.59 to provide computer services to school districts. A regional management information center shall not come into existence until the first July 1 after its creation is approved by the state board or until it can be accommodated by state appropriations, whichever occurs first. Each member of the ~~center~~ board *of a center created after June 30, 1991*, shall be a current member of a member school board.

Sec. 4. Minnesota Statutes 1991 Supplement, section 121.935, subdivision 6, is amended to read:

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district and the district's proportionate share of outstanding regional obligations, as defined in section 475.51, for computer hardware. If a district uses a state approved alternative finance system for processing its detailed transactions or transfers to another region, the district is liable for its contracted proportionate share of the outstanding regional obligation. The district is not liable for any additional outstanding regional obligations that occur after written notice is given to transfer or use an alternative finance system. A regional management information center must not charge a district for

transferring the district's summary financial data and essential data elements to the state. The regional management information center may charge the district for any service it provides to, or performs on behalf of, a district to render the data in the proper format for reporting to the state. ~~If a district transfers to another regional center, the center shall transfer to the district within 90 days after the end of the fiscal year the district's per actual pupil share of the center's unreserved fund balance in each fund. The fund balance shall be determined as of June 30 preceding the year the district transfers.~~

Sec. 5. 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 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. 6. 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~~ *16*;

(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 any number of 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. 7. 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 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. 8. 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 *(2)*, (3), *or (4)* must be approved by the state board of education. The state board shall disapprove a combination under clause *(2)*, (3), *or (4)* if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 9. 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. 10. Minnesota Statutes 1991 Supplement, section 122.243, subdivision 2, is amended to read:

Subd. 2. [VOTER APPROVAL.] A referendum on the question of combination shall be conducted during the first or second year of cooperation for districts that cooperate according to section 122.241, or no more than 18 months before the effective date of combination for districts that do not cooperate. The referendum shall be on a date called by the school boards. The referendum shall be conducted by the school boards according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following school year. ~~If a question is submitted, the second referendum must be conducted on a date before October 1.~~ If the referendum fails again, the districts shall modify their cooperation and combination plan. A third referendum may be conducted ~~on any date before October 1~~. *If a second or third referendum is conducted after October 1, the newly combined district may not levy under section 124.2725 until the following year.* Referendums shall be conducted on the same date in all districts.

Sec. 11. 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. 12. Minnesota Statutes 1991 Supplement, section 122.531, subdivision 4a, is amended to read:

Subd. 4a. [REORGANIZATION OPERATING DEBT LEVIES.] (a) A district that ~~is cooperating~~ *receives revenue under section 124.2725 for cooperation* or has combined according to sections 122.241 to 122.248 may levy to eliminate reorganization operating debt as defined in section

121.915, clause (1). The amount of the debt must be certified over a period of five years. After the effective date of combination according to sections 122.241 to 122.248, the levy may be certified and spread ~~only~~ either

(1) only on the property in the combined district that would have been taxable in the preexisting district that incurred the debt, or

(2) on all of the taxable property in the combined district.

(b) A district that has reorganized according to section 122.22 or 122.23 may levy to eliminate reorganization operating debt as defined in section 121.915, clause (2). The amount of debt must be certified over a period not to exceed five years and may be spread either ~~only~~

(1) only on the property in the newly created or enlarged district which was taxable in the preexisting district that incurred the debt, or

(2) on all of the taxable property in the newly created or enlarged district.

Sec. 13. 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. 14. Minnesota Statutes 1990, section 122.532, subdivision 2, is amended to read:

Subd. 2. *(a)* As of the effective date of ~~any~~ *a* consolidation *in which a district is divided* or the dissolution of ~~any~~ *a* district and its attachment to ~~one~~ *two* 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~~ *on the basis of a ratio of the pupils assigned to each district according to the new district boundaries. The district receiving the greatest number of pupils must be assigned the teacher with the greatest seniority, and the remaining teachers must be alternately assigned to each district until the district receiving the fewest pupils has received its ratio of teachers who will not be retiring before the effective date of the consolidation or dissolution.*

(b) Notwithstanding paragraph (a), the school board and the exclusive representative of teachers in each school district involved in the consolidation or dissolution and attachment may negotiate a plan for assigning teachers to each newly created or enlarged district.

Sec. 15. Minnesota Statutes 1991 Supplement, section 124.2721, subdivision 3b, is amended to read:

Subd. 3b. [LEVY.] Beginning with the levy attributable to fiscal year 1994 and thereafter, the education district levy for a school district is equal to the following:

(1) the sum of the education district revenue according to subdivision ~~2~~ *2a* for all member school districts of the education district, times

(2) the lesser of

(a) one, or

(b) the ratio of the adjusted net tax capacity of the education district divided by the number of actual pupil units in the education district to ~~the~~ *an* amount ~~in clause (1)~~ *equal to $50* divided by 1.87 percent, times

(3) the ratio of the adjusted net tax capacity of the school district to the total adjusted net tax capacity of the education district.

Sec. 16. Minnesota Statutes 1990, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [REVENUE FOR EXTENDED COOPERATION.] If the state board disapproves of the plan according to section 122.243, subdivision 1, or if a second referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal ~~$60~~ *$50* times the actual pupil units. Cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been ~~$60~~ *$50* times the actual pupil units. If the aid is insufficient to recover the entire amount, the department of education shall reduce other aids due the district to recover the entire amount. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been ~~$60~~ *$50* times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.

Sec. 17. Minnesota Statutes 1990, section 124.2725, subdivision 14, is amended to read:

Subd. 14. [CESSATION OF REVENUE.] At any time the districts cease cooperating, aid shall not be paid and the authority to levy ceases. *If a district ceases to cooperate for all or a portion of a fiscal year for which a levy has been certified under subdivision 3, the department of education shall adjust the next levy certified by the district by an amount in proportion to the part of the fiscal year that the district did not cooperate.*

Sec. 18. Minnesota Statutes 1991 Supplement, section 124.2727, subdivision 6, is amended to read:

Subd. 6. [~~ALTERNATIVE~~ LEVY AUTHORITY.] (a) *For fiscal years prior to fiscal year 1996,* 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 *special education and secondary vocational education 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.~~ *When a school district joins or withdraws from an intermediate school district after July 1, 1991, the department of education shall recalculate the levy certified for taxes payable in 1989, for the purpose of determining the levy amount authorized under paragraph (a), clause (1), to reflect the change in membership of the intermediate school district. The department shall recalculate the levy as though the intermediate school district had certified the maximum permitted levy for taxes payable in 1989.*

This subdivision expires July 1, 1995.

Sec. 19. Minnesota Statutes 1991 Supplement, section 124.2727, is amended by adding a subdivision to read:

Subd. 8. [CERTIFICATES OF INDEBTEDNESS.] *After a levy has been certified according to subdivision 6 or 7, an intermediate school board may issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.*

Sec. 20. 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.

For a district that reorganizes according to section 122.22 or 122.23, effective July 1 of an odd-numbered year, state aid shall not be reduced according to this subdivision if the school board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization. This extension is available only in the calendar year following the effective date of reorganization.

(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. 21. 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. 22. Minnesota Statutes 1991 Supplement, section 136D.22, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON ~~PARTICIPATION AND FINANCIAL SUPPORT~~ *MEMBERSHIP*.] (a) No school district shall be required ~~by an agreement or otherwise to participate in or provide financial support for~~ *to be a participating district in* an intermediate school district for a time period ~~in excess of one fiscal year~~ *longer than that set forth in this subdivision*. 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 by the intermediate school district before June 5, 1991. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on June 5, 1991, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on June 5, 1991, 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 provided by the intermediate district or~~ To withdraw from ~~the~~ *an* intermediate district, ~~the~~ *a* school board shall adopt a resolution and notify the intermediate board 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, *unless the withdrawing school district and the intermediate district agree to a different date. The intermediate board shall file a copy of the withdrawal resolution with the county auditors of the counties in which the intermediate district is located in whole or in part.*

~~(d)~~ *(c) In addition to the requirements of section 136D.281,* before issuing bonds or incurring other debt, the board of an intermediate district 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 school 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~~ *subdivision* and *before any election required by chapter 475 is conducted. The resolution shall also be adopted within a time sufficient to allow the intermediate board and the school board of a participating district* to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The intermediate board shall notify each ~~participating~~ school board *of a participating school district* of the contents of the resolution. Within ~~120~~ *60* days of receiving the resolution of the intermediate board, the school board of the participating district shall adopt a resolution stating:

(1) its concurrence with issuing bonds or incurring other debt; *or*

(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 intermediate district.

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 intermediate district. ~~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 intermediate district, related to the services or activities in which the school district ceases participating or providing financial support.~~ A school board adopting a resolution according to clause ~~(3)~~ *(2)* is not liable for the bonded indebtedness or other debt *as* proposed by the board of the intermediate district. *Failure of a school board to adopt a resolution within the required time period shall constitute concurrence with issuing bonds or incurring other debt.*

~~(e) After June 5, 1991~~ *(d) Except as provided in paragraph (c),* a school

district ~~is~~ *that withdraws from the intermediate district remains* liable ~~according to paragraph (d)~~ for its share of bonded indebtedness or other debt incurred by the intermediate district ~~to the extent that the bonds or other debt are directly related to the services or activities in which the school district participates or for which the school district provides financial support~~. The school district has continued liability only until the ~~obligation~~ *bonds are retired* or *the* debt is discharged and only according to the payment schedule in effect at the time the *school* board ~~of the intermediate district~~ provides notice *of withdrawal* to the ~~school board~~ *intermediate district*, 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 school district are not increased and if the total obligation of the school district for the outstanding bonds or other debt is not increased~~.

(e) For the purposes of this subdivision, "other debt" means a contractual obligation for which the intermediate district does not have specific authority to levy, except for the levy authorized for special education and secondary vocational education according to section 124.2727, and for which money is not appropriated in the current year's budget. It includes tax and aid anticipation certificates of indebtedness and warrants; however, the procedures for the issuance of tax and aid anticipation certificates and warrants shall be the same as those provided in chapters 124 and 475.

Sec. 23. Minnesota Statutes 1991 Supplement, section 136D.71, subdivision 2, is amended to read:

Subd. 2. [LIMITATION ON ~~PARTICIPATION AND FINANCIAL SUPPORT~~ *MEMBERSHIP*.] (a) No school district shall be required ~~by an agreement or otherwise to participate in or provide financial support for~~ *to be a participating district in* an intermediate school district for a time period ~~in excess of one fiscal year~~ *longer than that set forth in this subdivision*. 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 by the intermediate school district before June 5, 1991. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on June 5, 1991, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on June 5, 1991, 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 provided by the intermediate district or~~ To withdraw from ~~the~~ *an* intermediate district, ~~the~~ *a* school board shall adopt a resolution and notify the intermediate board 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, *unless the withdrawing school district and the intermediate district agree to a different date. The intermediate board shall file a copy of the withdrawal resolution with the county auditors of the counties in which the intermediate district is located in whole or in part.*

~~(d)~~ *(c) In addition to the requirements of section 136D.741*, before issuing bonds or incurring other debt, the board of an intermediate district 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 school 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~~ *subdivision* and *before any election required by chapter 475 is conducted. The resolution shall also be adopted within a time sufficient to allow the intermediate board and the school board of a participating district* to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The intermediate board shall notify each ~~participating~~ school board *of a participating school district* of the contents of the resolution. Within ~~120~~ *60* days of receiving the resolution of the intermediate board, the school board of the participating district shall adopt a resolution stating:

(1) its concurrence with issuing bonds or incurring other debt; *or*

(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 intermediate district.

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 intermediate district. ~~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 intermediate district, related to the services or activities in which the school district ceases participating or providing financial support.~~ A school board adopting a resolution according to clause ~~(3)~~ *(2)* is not liable for the bonded indebtedness or other debt *as* proposed by the board of the intermediate district. *Failure of a school board to adopt a resolution within the required time period shall constitute concurrence with issuing bonds or incurring other debt.*

~~(c) After June 5, 1991~~ *(d) Except as provided in paragraph (c),* a school district ~~is~~ *that withdraws from the intermediate district remains* liable ~~according to paragraph (d)~~ for its share of bonded indebtedness or other debt incurred by the intermediate district ~~to the extent that the bonds or other debt are directly related to the services or activities in which the school district participates or for which the school district provides financial support~~. The school district has continued liability only until the ~~obligation~~ *bonds are retired* or *the* debt is discharged and only according to the payment schedule in effect at the time the *school* board ~~of the intermediate district~~ provides notice *of withdrawal* to the ~~school board~~ *intermediate district*, 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 school district are not increased and if the total obligation of the school district for the outstanding bonds or other debt is not increased~~.

(e) For the purposes of this subdivision, "other debt" means a contractual obligation for which the intermediate district does not have specific authority to levy, except for the levy authorized for special education and secondary vocational education according to section 124.2727, and for which money is not appropriated in the current year's budget. It includes tax and aid anticipation certificates of indebtedness and warrants; however, the procedures for the issuance of tax and aid anticipation certificates and warrants shall be the same as those provided in chapters 124 and 475.

Sec. 24. 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. 25. Minnesota Statutes 1990, section 136D.75, is amended to read:

136D.75 [STATE BOARD APPROVAL TO RUN TECHNICAL COLLEGE, ISSUE BONDS.]

Prior to the commencement of the operation of any technical college, the intermediate school board shall obtain the approval of the state board of education. Prior to the issuance of any bonds contemplated by sections 136D.71 to 136D.77 *for post-secondary technical education*, written approval by the state board of ~~education~~ *technical colleges* shall be obtained.

Sec. 26. Minnesota Statutes 1991 Supplement, section 136D.76, subdivision 2, is amended to read:

Subd. 2. [JOINDER.] ~~An independent school district must receive the approval of the state board of education and the state board of technical colleges to become a participant in the intermediate school district. Thereafter,~~ Upon approval of the majority vote of ~~its~~ *the school district* board and of the intermediate school board and without the requirement for an election, independent school district No. 138 of Chisago and Isanti counties and independent school district No. 141 of Chisago and Washington counties, and any other independent school district adjoining the territory embraced in the intermediate school district may become a participant in the intermediate school district and be governed by the provisions of sections 136D.71 to 136D.77 thereafter. The net tax capacity of the property within the geographic confines of such district shall become proportionately liable for any indebtedness issued, outstanding or authorized of the intermediate school district.

Sec. 27. 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. 28. Minnesota Statutes 1991 Supplement, section 136D.82, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON ~~PARTICIPATION AND FINANCIAL SUPPORT~~ *MEMBERSHIP*.] (a) No school district shall be required ~~by an agreement or otherwise to participate in or provide financial support for~~ *to be a participating district in* an intermediate school district for a time period ~~in excess of one fiscal year~~ *longer than that set forth in this subdivision*. 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 by the intermediate school district before June 5, 1991. The school district is liable only until the obligation or debt is discharged and only according to the payment schedule in effect on June 5, 1991, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on June 5, 1991, 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 provided by the intermediate district or~~ To withdraw from ~~the~~ *an* intermediate district, ~~the~~ *a* school board shall adopt a resolution and notify the intermediate board 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, *unless the withdrawing school district and the intermediate district agree to a different date. The intermediate board shall file a copy of the withdrawal resolution with the county auditors of the counties in which the intermediate district is located in whole or in part.*

~~(d)~~ *(c) In addition to the requirements of section 136D.88,* before issuing bonds or incurring other debt, the board of an intermediate district 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 school 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~~ *subdivision* and *before any election required by chapter 475 is conducted. The resolution shall also be adopted within a time sufficient to allow the intermediate board and the school board of a participating district* to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The intermediate board shall notify each ~~participating~~ school board *of a participating school district* of the contents of the resolution. Within ~~120~~ *60* days of receiving the resolution of the intermediate board, the school board of the participating district shall adopt a resolution stating:

(1) its concurrence with issuing bonds or incurring other debt; *or*

(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 intermediate district.

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 intermediate district. ~~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 intermediate district, related to the services or activities in which the school district ceases participating or providing financial support.~~ A school board adopting a resolution according to clause ~~(3)~~ *(2)* is not liable for the bonded indebtedness or other debt *as* proposed by the board of the intermediate district. *Failure of a school board to adopt a resolution within the required time period shall constitute concurrence with issuing bonds or incurring other debt.*

~~(e) After June 5, 1991~~ *(d) Except as provided in paragraph (c),* a school district ~~is~~ *that withdraws from the intermediate district remains* liable ~~according to paragraph (d)~~ for its share of bonded indebtedness or other debt

incurred by the intermediate district ~~to the extent that the bonds or other debt are directly related to the services or activities in which the school district participates or for which the school district provides financial support~~. The school district has continued liability only until the ~~obligation~~ *bonds are retired* or *the* debt is discharged and only according to the payment schedule in effect at the time the *school* board ~~of the intermediate district~~ provides notice *of withdrawal* to the ~~school board~~ *intermediate district*, 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 school district are not increased and if the total obligation of the school district for the outstanding bonds or other debt is not increased~~.

(e) For the purposes of this subdivision, "other debt" means a contractual obligation for which the intermediate district does not have specific authority to levy, except for the levy authorized for special education and secondary vocational education according to section 124.2727, and for which money is not appropriated in the current year's budget. It includes tax and aid anticipation certificates of indebtedness and warrants; however, the procedures for the issuance of tax and aid anticipation certificates and warrants shall be the same as those provided in chapters 124 and 475.

Sec. 29. 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 an education district, intermediate school district, secondary vocational cooperative, special education cooperative, or a joint powers district that received a grant for a cooperative secondary facility. A school district may levy under this subdivision for taxes payable in 1993, 1994, and 1995 if it:*

(1) has more than 30,000 actual pupil units;

(2) is not a member of intermediate school district No. 287, 916, or 917;

(3) provides special education services to at least 3,200 resident and 100 nonresident pupils;

(4) develops model curricula for use by nonresident special education pupils;

(5) consults with other school districts on developing individual education plans for nonresident special education pupils on a regular or emergency basis;

(6) provides secondary vocational programs to resident and nonresident at-risk youths;

(7) provides pregnant teen and teen parent programs to resident and nonresident pupils; and

(8) provides staff development programs and material for teachers in other districts.

(b) The levy may not exceed $50 times the number of actual pupil units in the district.

A school district may recognize 50 percent of the proceeds of the levy in the fiscal year it is certified.

(c) The proceeds of the levy shall be used for special education and secondary vocational education.

Sec. 30. 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 $20,000* 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. 31. Laws 1991, chapter 265, article 6, section 67, subdivision 3, is amended to read:

Subd. 3. [JULY 1, 1993.] Minnesota Statutes 1990, sections 121.935, subdivision 5; ~~121.91~~ *122.91*, subdivision 7; 122.945, subdivision 4; 124.2721, subdivision 3a; and 124.535, subdivision 3a.

Sec. 32. [REORGANIZATION OPERATING DEBT FOR CERTAIN DISTRICTS.]

Notwithstanding Minnesota Statutes, section 121.915, if independent school districts No. 237, Spring Valley; and No. 236, Wykoff, conduct a successful referendum in 1992 on the question of combination, the reorganization operating debt for independent school districts No. 237, Spring Valley; and No. 236, Wykoff, shall be calculated according to Minnesota Statutes, section 121.915, except that the debt may be calculated as of June 30, 1993.

Sec. 33. [PREK-12 AND COMMUNITY EDUCATION SERVICE DELIVERY SYSTEM.

Subdivision 1. [PURPOSE.] *The purpose of this section is to design and implement a statewide delivery system for educational services that will reduce the number of different cooperative organizations and the multiple levels of administration that accompany those organizations.*

Subd. 2. [SCOPE OF THE SYSTEM.] *(a) A new statewide delivery system shall be designed and implemented by July 1, 1995, for all prekindergarten through grade 12 and community education services provided by the organizations enumerated in this paragraph:*

(1) the Minnesota department of education;

(2) educational cooperative service units established under Minnesota Statutes, section 123.58;

(3) intermediate school districts established under Minnesota Statutes, chapter 136D;

(4) education districts established under Minnesota Statutes, section 122.91;

(5) regional management information centers established under Minnesota Statutes, section 121.935; and

(6) secondary vocational cooperatives established under Minnesota Statutes, section 123.351.

Subd. 3. [REQUIREMENTS FOR THE SYSTEM.] *The new statewide*

delivery system must provide for no more than three organizations for education service delivery;

(1) a school district, as defined in Minnesota Statutes, chapter 123;

(2) an area education organization to provide those programs and services most efficiently and effectively provided through a joint effort of school districts; and

(3) a state level administrative organization comprised of a state board of education and a state department of education with central and regional delivery centers.

Subd. 4. [LOCAL SCHOOL DISTRICT PLANNING.] *School districts shall develop a plan for the efficient and effective delivery of educational programs and services within the new education delivery system. The plan developed by the districts must contain the components enumerated in this subdivision:*

(1) a description of the necessary services to be provided by the school district, the area education organization, and the central and regional delivery centers of the department of education described in subdivision 3;

(2) a specification of the optimal number of school districts and number of pupils that an area education organization and regional center of the department of education should serve;

(3) a method for determining the boundaries of area education organizations and regional centers of the department;

(4) a description of how services provided in the area education organizations should be funded; and

(5) a determination of the role of the school district, the area education organization, and the central and regional centers of the department in ensuring that health and other social services necessary to maximize a pupil's ability to learn are provided to pupils.

Subd. 5. [SCHOOL DISTRICTS.] *The school districts shall make a final report to the legislature by July 1, 1994. The final report must contain recommendations for the design of an education service delivery system in accordance with this section and recommendations for legislation required to implement the system.*

Sec. 34. [COOPERATION REVENUE.]

Subdivision 1. Notwithstanding any other law to the contrary, if the members of a joint school district that received a cooperative secondary facilities grant under section 124.494 on or before May 1, 1991, meet the requirements of Minnesota Statutes 1990, sections 122.241 to 122.246, they shall be eligible for revenue under Minnesota Statutes, section 124.2725.

Subd. 2. The authority in subdivision 1 expires if the members of the joint school district have not combined according to Minnesota Statutes 1990, section 122.244, by July 1, 1996.

Sec. 35. [LAC QUI PARLE COOPERATION LEVY.]

(a) Joint school district No. 6011, Lac Qui Parle Valley, may certify a levy on all the taxable property in the joint district for costs associated with the establishment of the joint district. The levy authorized under this section must not exceed $400,000 in total and must be certified in equal

amounts over each year of a five-year period.

(b) Notwithstanding paragraph (a), if the members of joint school district No. 6011 do not combine under Minnesota Statutes, section 122.244 by July 1, 1996, authority to levy under this section ceases.

Sec. 36. [INTERMEDIATE LEVY INCREASE.]

Notwithstanding any law to the contrary, to restore a portion of the revenue reduction imposed by Laws 1991, chapter 265, article 6, section 60, paragraph (b), an intermediate school district may levy in 1992 for taxes payable in 1993 up to an amount equal to one-sixth of the 1990 payable 1991 levy for special education and secondary vocational education certified by the intermediate school district times 21/27.

Sec. 37. [SECONDARY VOCATIONAL COOPERATIVE LEVY ADJUSTMENT FOR FISCAL YEAR 1993.]

Notwithstanding any other law to the contrary, a school district that certified a levy under Minnesota Statutes, section 124.575, subdivision 3, in 1991 for taxes payable in 1992 may levy in 1992 for taxes payable in 1993 up to an amount equal to:

(1) the amount of aid calculated for fiscal year 1993 under Minnesota Statutes, section 124.575, subdivision 4, for the secondary vocational cooperative to which the school district belonged, times

(2) the ratio of the adjusted net tax capacity of the school district to the adjusted net tax capacity of the secondary vocational cooperative.

The amount of levy permitted under this section shall be transferred to the secondary vocational cooperative according to Minnesota Statutes, section 124.575, subdivision 3a.

Sec. 38. [EDUCATION DISTRICT LEVY ADJUSTMENT FOR FISCAL YEAR 1993.]

Notwithstanding any other law to the contrary, a school district that certified a levy under Minnesota Statutes, section 124.2721, subdivision 3, in 1991 for taxes payable in 1992 may levy in 1992 for taxes payable in 1993 up to an amount equal to:

(1) the amount of aid calculated for fiscal year 1993 under Minnesota Statutes, section 124.2721, subdivision 4, for the education district to which the school district belonged, times

(2) the ratio of the adjusted net tax capacity of the school district to the adjusted net tax capacity of the education district.

The amount of the levy permitted under this section shall be transferred to the education district board according to Minnesota Statutes, section 124.2721, subdivision 3a.

Sec. 39. [REPEALER.]

Subdivision 1. [JUNE 1991.] *Minnesota Statutes 1990, section 136D.76, subdivision 3; Minnesota Statutes 1991 Supplement, sections 124.2727, subdivisions 1, 2, 3, 4, and 5; and 136D.90, subdivision 2, are repealed as of June 1, 1991.*

Subd. 2. [JULY 1, 1992.] *Minnesota Statutes 1990, section 136D.74, subdivision 3; Laws 1991, chapter 265, article 6, section 64; Laws 1991, chapter 265, article 6, sections 4, 20, 22 to 26, 28, 30 to 33, and 41 to*

45, are repealed.

Subd. 3. [EXPIRATION.] *Minnesota Statutes 1990, chapter 136D, as amended, sections 121.935, 122.91 to 122.95, 123.351, 123.358, and 124.575, and Minnesota Statutes 1991, sections 124.2721 and 124.2727 expire as of July 1, 1995.*

Sec. 40. [EFFECTIVE DATE.]

Sections 18, 22, 23, and 28 are effective retroactively to June 1, 1991.

ARTICLE 7

OTHER PROGRAM FUNDING

Section 1. Minnesota Statutes 1991 Supplement, section 121.912, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.] *(a)* A school district that has reorganized 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 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 following the effective date of reorganization.

(b) A district that has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, may make permanent transfers between any of the funds in the district with the exception of the debt redemption fund for up to one year prior to the effective date of combination under sections 122.241 to 122.248.

Sec. 2. 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.

Sec. 3. 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 annually may transfer from the general fund to the capital expenditure fund an amount up to the amount saved in energy and operation costs as a result of guaranteed energy savings contracts.*

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. [124C.62] [SUMMER HEALTH CARE INTERNS.]

Subdivision 1. [SUMMER INTERNSHIPS.] *The commissioner of education shall award grants to hospitals and clinics to establish a summer health care intern program for pupils who intend to complete high school graduation requirements and who are between their junior and senior year of high school. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.*

Subd. 2. [CRITERIA.] *(a) The commissioner, with the advice of the Minnesota medical association and the Minnesota hospital association, shall establish criteria for awarding grants to hospitals and clinics.*

(b) The criteria must include, among other things:

(1) the kinds of formal exposure to the health care profession a hospital or clinic can provide to a pupil;

(2) the need for health care professionals in a particular area; and

(3) the willingness of a hospital or clinic to pay one-half the costs of employing a pupil.

(c) The Minnesota medical association and the Minnesota hospital association must provide the commissioner, by January 31, 1993, with a list of hospitals and clinics willing to participate in the program and what provisions those hospitals or clinics will make to ensure a pupil's adequate

exposure to the health care profession, and indicate whether a hospital or clinic is willing to pay one-half the costs of employing a pupil.

Subd. 3. [GRANTS.] *The commissioner shall award grants to hospitals and clinics meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing a pupil in a hospital or clinic during the course of the program. No more than five pupils may be selected from any one high school to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.*

Sec. 10. [126.239] [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.]

Subdivision 1. [TRAINING PROGRAMS FOR TEACHERS.] *A secondary teacher assigned by a school district to teach an advanced placement or international baccalaureate course may participate in a training program offered by the college board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, and board costs a teacher incurs in participating in a training program. The commissioner of education shall determine application procedures and deadlines, and select teachers to participate in the training program. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement and international baccalaureate 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 training programs offered by the college board or International Baccalaureate North America, Inc., 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 the training programs and teachers experienced in teaching advanced placement or international baccalaureate courses. The support programs shall provide teachers with opportunities to share instructional ideas with other teachers. The state may pay the costs of participating in the support programs, including substitute teachers, if necessary, and program affiliation costs.*

Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] *The state may pay all or part of the fee for advanced placement or international baccalaureate 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 and international baccalaureate courses in each school district;

(2) the number of teachers in each district attending training programs offered by the college board or International Baccalaureate North America, Inc.;

(3) the number of teachers in each district participating in support programs;

(4) recent trends in the field of advanced placement and international baccalaureate programs;

(5) expenditures for each category in this section; and

(6) other recommendations for the state program.

Sec. 11. 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 *and subsequent years*, payable in 1992 ~~only~~ *and subsequent years*, each 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. 12. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 6k. [HEALTH INSURANCE LEVY.] *(a) A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this subdivision. Notwithstanding section 121.904, 50 percent of the amount levied shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.*

(b) The school board of a joint vocational technical district formed under sections 136C.60 to 136C.69 and the school board of a school district may provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of service credit in the public pension plan of which the person is a member on the day before retirement or, in the case of a teacher, has a total of at least 25 years of service credit in the teachers retirement association, a first-class city teacher retirement fund, or any combination of these;

(3) upon retirement is immediately eligible for a retirement annuity;

(4) is at least 55 and not yet 65 years of age; and

(5) retires on or after May 15, 1992, and before July 21, 1992.

A school board paying insurance under this subdivision may not exclude any eligible employees.

(c) An employee who is eligible both for the health insurance benefit under this subdivision and for an early retirement incentive under a collective bargaining agreement or personnel plan established by the employer must select either the early retirement incentive provided under the collective bargaining agreement personnel plan or the incentive provided under this subdivision, but may not receive both. For purposes of this subdivision, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

(d) An employee who retires under this subdivision using the rule of 90 must not be included in the calculations required by section 356.85.

(e) Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of chapter 179A. The authority provided in this subdivision for an employer to pay health insurance costs for certain retired employees is not subject to the limits in section 179A.20, subdivision 2a.

(f) If a school district levies according to this subdivision, it may not also levy according to article 6, section 9, for eligible employees.

Sec. 13. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 24. [RETIRED EMPLOYEE HEALTH BENEFITS LEVY.] *For taxes payable in 1993 and 1994 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed $300,000.*

Notwithstanding section 121.904, 50 percent of the proceeds of this levy

shall be recognized in the fiscal year in which it is certified.

Sec. 14. 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. 15. [COMPLEMENT.]

The complement of the department of education is increased by .5 for fiscal year 1993 for coordinating the advanced placement and international baccalaureate training programs.

Sec. 16. [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. 17. [OPERATING DEBT LEVY FOR COLERAINE SCHOOL DISTRICT.]

Subdivision 1. [OPERATING DEBT ACCOUNT.] *On July 1, 1992, independent school district No. 316, Coleraine, 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. 18. [FUND TRANSFER; NASHWAUK-KEEWATIN.]

Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, on June 30, 1992, independent school district No. 319, Nashwauk-Keewatin, may permanently transfer $40,000 from the bus purchase account to the capital expenditure fund without making a levy reduction.

Sec. 19. [FUND TRANSFER; LESTER PRAIRIE.]

Notwithstanding any law to the contrary, on June 30, 1992, independent school district No. 424, Lester Prairie, may transfer $100,000 from its general fund to its capital expenditure fund to purchase computer and interactive television equipment that the district is leasing.

Sec. 20. [FUND TRANSFER; ELLENDALE-GENEVA.]

Notwithstanding any other law to the contrary, on June 30, 1992, independent school district No. 762, Ellendale-Geneva, may transfer $100,000 from its general fund to its capital expenditure fund to purchase computer equipment.

Sec. 21. [FUND TRANSFER; RANDOLPH.]

Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, on June 30, 1992, independent school district No. 195, Randolph, may permanently transfer money from any operating fund other than the community service fund and any nonoperating fund other than the debt redemption fund to the general fund.

Sec. 22. [NETT LAKE; CARRYFORWARD.]

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. 23. [APPROPRIATION.]

(a) Money appropriated in Laws 1990, chapter 562, article 12, section 2, for a summer health intern program does not cancel but is available to the commissioner for the fiscal year ending June 30, 1993, as specified in this section:

(1) $12,000 is available for the operating expenses of the Minnesota education in agriculture leadership council; and

(2) the remaining amount is available for purposes of section 3.

(b) Up to ten percent of the amount in paragraph (a), clause (2) may be used by the commissioner to secure services of vocational licensed instructors or other health personnel to coordinate and facilitate the internship program.

Sec. 24. [APPROPRIATION; GRANT FOR SCIENCE AND MATH.]

$150,000 in fiscal year 1993 is appropriated from the general fund to the commissioner of education to supplement a grant from the National Science Foundation. The appropriation is for a systemic initiative in science and mathematics education.

Sec. 25. [LEARNING READINESS AID.]

The department of education shall report to the education committees of the legislature by January 1, 1993, a formula for learning readiness aid for school districts. The formula shall take into consideration the number of participating eligible children in school districts, provide incentives to districts to conduct outreach activities, encourage all eligible children to participate, and provide adequate services to individual children based on each child's needs.

Sec. 26. [ICE ARENA LEVY.]

(a) Each year, an independent school district operating and maintaining an ice arena, may levy for the net operational costs of the ice arena. The levy may not exceed the net actual costs of operation of the arena for the previous year. Net actual costs are defined as operating costs less any operating revenues.

(b) Any school district operating and maintaining an ice arena must demonstrate to the satisfaction of the office of monitoring in the department of education that the district will offer equal sports opportunities for male and female students to use its ice arena, particularly in areas of access to prime practice time, team support, and providing junior varsity and younger level teams for girls' ice sports and ice sports offerings.

Sec. 27. [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. 28. [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 AND INTERNATIONAL BACCALUREATE PROGRAMS.] *For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:*

$300,000 1993

Sec. 29. [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. 30. [REPEALER.]

Minnesota Statutes 1990, section 124.274; and Laws 1990, chapter 562, article 12, are repealed.

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; and 124A.29, subdivision 2; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; and 124A.29, subdivision 1, are repealed effective June 30, 1999; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 9, 14, 18, 19, 20, 21, 22, 23, and 30 are effective the day following final enactment. Sections 4 to 8 are effective for revenue for fiscal year 2000.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 121.16, subdivision 1, is amended to read:

Subdivision 1. The department shall be under the administrative control of the commissioner of education which office is established. The commissioner shall be the secretary of the state board. The commissioner shall be appointed by the *state board with the approval of the* governor under the provisions of section 15.06. *For purposes of section 15.06, the state board is the appointing authority.*

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of

the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. The commissioner shall perform such duties as the law and the rules of the state board may provide and be held responsible for the efficient administration and discipline of the department. The commissioner shall make recommendations to the board and be charged with the execution of powers and duties which the state board may prescribe, from time to time, to promote public education in the state, to safeguard the finances pertaining thereto, and to enable the state board to carry out its duties.

Sec. 2. Minnesota Statutes 1991 Supplement, section 121.585, subdivision 3, is amended to read:

Subd. 3. [HOURS OF INSTRUCTION.] Pupils participating in a program must be able to receive the same total number of hours of instruction they would receive if they were not in the program. If a pupil has not completed the graduation requirements of the district after completing the minimum number of secondary school hours of instruction, the district may allow the pupil to continue to enroll in courses needed for graduation.

For the purposes of section 120.101, subdivision 5, the minimum number of hours for a year determined for the appropriate grade level of instruction shall constitute *170 days through the 1994-1995 school year and* the number of days of instruction required under section 120.101, subdivision 5b *thereafter*. Hours of instruction that occur after the close of the instructional year in June shall be attributed to the following fiscal year.

Sec. 3. 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. 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 1990, section 123.744, as amended by Laws 1991, chapter 265, article 9, section 41, as reenacted, is amended to read:

[123.744] [SCHOOL BOARDS; STUDENT MEMBERS.]

The board of directors of any school district shall appoint a student to serve as an advisory member to the school board or shall establish a youth advisory council to make formal and informal recommendations to the school board. If a student advisory member is appointed to the board, the student shall serve as an advisory member to the board only while attending school in the district~~, and shall not receive any compensation or be reimbursed~~. *The board may reimburse the student advisory member* for ~~any~~ expenses ~~incurred~~ *the student incurs* while serving ~~in this capacity~~ *on the board.*

A student advisory member shall be permitted to attend school board meetings, to be furnished with agenda materials, to introduce items for

inclusion in the agenda, and to participate in discussion but shall not be entitled to vote.

If a youth advisory council is established, the board shall meet with council members at least three times per year to discuss education matters and board actions affecting the district student population.

Neither the student member nor youth advisory council members may participate in any closed discussion concerning the negotiation or implementation of a collective bargaining agreement and must not be present at a closed meeting permitted under section 471.705, subdivision 1a or 1d.

Sec. 6. 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.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department of education.

(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.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Sec. 7. 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; and*

(5) encourage parents to actively participate in their district's curriculum advisory committee under section 126.666 in order to assist the school board in improving children's education programs.

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, *with the PER process under sections 126.661 to 126.67*, 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;

(11) educational programs and opportunities for parents or guardians that are multicultural, gender fair, and disability sensitive; and

(12) involvement in a district's curriculum advisory committee or a school building team under section 126.666.

Sec. 8. Minnesota Statutes 1990, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [~~QUALIFICATIONS~~ *AUTHORITY TO LICENSE.*] *(a)* The ~~authority to~~ *board of teaching shall* license teachers, as defined in section 125.03, subdivision 1, ~~is vested in the board of teaching~~ except ~~that the authority to~~ *for supervisory personnel, as defined in section 125.03, subdivision 4.*

(b) The state board of education shall license supervisory personnel as defined in section 125.03, subdivision 4~~, is vested in the state board of education. The authority to~~

(c) The state board of technical colleges, according to section 136C.04, shall license post-secondary vocational and adult vocational teachers, support personnel, and supervisory personnel in technical colleges ~~is vested in the state board of technical colleges according to section 136C.04, subdivision 9. Licenses must be issued to persons the board of teaching or the state board of education finds to be competent for their respective positions. For teachers,~~

~~as defined in section 125.03, subdivision 5, competency includes successful completion of an examination of skills in reading, writing, and mathematics for persons applying for initial licenses. Qualifications of teachers and other professional employees except supervisory personnel must be determined by the board of teaching under the rules it adopts.~~

(d) Licenses under the jurisdiction of the board of teaching *and the state board of education* must be issued through the licensing section of the department of education. ~~Licenses under the jurisdiction of the state board of education must be issued through the licensing section of the department of education.~~

Sec. 9. Minnesota Statutes 1990, section 125.05, is amended by adding a subdivision to read:

Subd. 1a. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] *(a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.*

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in kindergarten, elementary, secondary, or special education programs.

(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure-specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure-specific skills.

Sec. 10. Minnesota Statutes 1990, section 125.05, is amended by adding a subdivision to read:

Subd. 1b. [PILOT PROJECTS.] *(a) The board of teaching shall develop pilot projects on restructuring teacher preparation and licensure in Minnesota. The pilot projects shall evaluate models that require, as a condition for licensure, a year long internship following completion of an approved teacher preparation program. The pilot projects shall require supervision and assessment of interns according to guidelines adopted by the board. The board shall, through an independent contractor selected in consultation with the advisory task force established in section 125.185, subdivision 4a, evaluate the effectiveness of the restructured licensure model in comparison to other models of preparing and licensing teachers, including models that provide internships within existing preparation programs.*

(b) The board shall submit an appropriation request to the 1993 legislature to begin the pilot projects. The board shall, during the 1993-1995 biennium, identify sites for the pilot projects, create professional development schools, and prepare staff at the pilot sites. The board shall also assist colleges and universities participating in the pilot projects to redesign teacher education programs.

(c) The pilot projects shall be operational and begin admitting candidates

for licensure in 1995.

(d) The board shall present an evaluation of the pilot projects and recommendations regarding statewide implementation of the restructured licensure model to the education committees of the legislature by January 15, 1998. The evaluation must be done by an independent contractor and must include the comments and recommendations of the advisory task force.

(e) It is the intent of the legislature that if the restructured licensure model proves effective, the model will be implemented statewide by the year 2000. The board shall not implement a statewide restructured licensure program without specific legislative authorization.

(f) The board shall, after consulting with the advisory task force, establish the qualifications for interns in the pilot projects and the requirements for an intern license.

Sec. 11. Minnesota Statutes 1990, section 125.05, is amended by adding a subdivision to read:

Subd. 1c. [SUPERVISORY AND COACH QUALIFICATIONS.] *The state board of education shall issue licenses under its jurisdiction to persons the state board finds to be qualified and competent for their respective positions under the rules it adopts.*

Sec. 12. Minnesota Statutes 1990, section 125.05, subdivision 7, is amended to read:

Subd. 7. [LIMIT ON FIELDS OF LICENSURE.] Unless the action of the board of teaching is approved by specific law, the board may not, after July 1, 1989:

(1) develop additional fields of licensure;

(2) divide existing fields of licensure; or

(3) extend any licensure requirements to any duties that could be performed on March 15, 1989, without a license.

The board may establish fields for provisional licensure, but shall submit each field to the legislature for approval. If approval by specific law is not obtained within one year after the provisional license is established, the board shall discontinue the field of provisional licensure.

The board may study ways to reconfigure its licensure system to develop and propose flexibility within the existing licensure structure. The board may not proceed under chapter 14 until it reports the results of its study to the education committees of the legislature and obtains authorization by specific law, as required by this subdivision.

Sec. 13. Minnesota Statutes 1990, section 125.12, is amended by adding a subdivision to read:

Subd. 4b. [APPLICABILITY.] *Subdivision 4a does not apply to a school district that has formally adopted a review process for continuing contract teachers that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board.*

Sec. 14. Minnesota Statutes 1990, section 125.17, is amended by adding a subdivision to read:

Subd. 3b. [APPLICABILITY.] *Subdivision 3a does not apply to a school district that has formally adopted a review process for nonprobationary*

teachers that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board.

Sec. 15. Minnesota Statutes 1991 Supplement, section 125.185, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] *(a)* The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules ~~for examination of teachers, as defined in section 125.03, subdivision 5. The rules may allow for~~ *requiring successful* completion of ~~the~~ *an* examination of skills in reading, writing, and mathematics before ~~entering or during~~ *being admitted to* a teacher ~~education~~ *preparation* program.

(c) The board shall adopt rules to approve teacher ~~education~~ *preparation* programs.

(d) The board ~~of teaching~~ shall provide the leadership and shall adopt rules ~~by October 1, 1988,~~ for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of ~~teaching education~~ *teacher preparation* program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) Until July 1, 1998, the board may select schools to be pilot professional development schools according to initial criteria adopted by the board. Initial criteria are not subject to chapter 14. Upon specific legislative authorization to implement a statewide restructured licensure program, the board shall adopt rules to approve or disapprove professional development schools.

~~These rules~~ *(g) The board* shall ~~require~~ *adopt rules requiring* teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain ~~a~~ periodic exposure to the elementary or secondary teaching environment.

(h) The board shall ~~also~~ grant licenses to interns and to candidates for initial licenses.

(i) The board shall design and implement an assessment system which requires ~~candidates~~ *a candidate* for *an* initial ~~licensure~~ *license* and first continuing ~~licensure~~ *license* to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(j) The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(k) The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. ~~Notwithstanding any law or rule to the contrary,~~ The board shall not establish any expiration date for application for life licenses.

(l) With regard to *post-secondary* vocational education teachers the board

of teaching shall adopt and maintain as its rules the rules of ~~the state board of education and~~ the state board of technical colleges.

Sec. 16. 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~~ *preparation* curriculum more consistent with the purpose of state public education. The revised teacher ~~education~~ *preparation* curriculum must be consistent with the board of teaching rules required under subdivision 4 for redesigning teacher ~~education~~ *preparation* programs to implement a research-based, results-oriented curriculum. The revised teacher ~~education~~ *preparation* curriculum ~~may~~ *shall* include, *upon specific legislative authorization to implement a statewide restructured licensure program,* a requirement that teacher ~~education~~ *preparation* programs contain a one-year ~~mentorship program~~ *supervised and assessed internship in a professional development school approved by the board.* The ~~mentorship~~ *internship* program must provide ~~students~~ *the interns* 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 *in 1992*, including amending board rules governing the issuing, expiring, and renewing of teacher licenses. *The board shall not implement a statewide restructured licensure program without specific legislative authorization.*

The board of teaching shall appoint an advisory task force to advise the board on implementing the restructured teacher preparation and licensure system. The task force shall consist of 25 members. Each of the following organizations shall select a member to serve on the task force: inter-faculty organization, University of Minnesota, Minnesota private college council, Minnesota association of colleges for teacher education, Minnesota education association, Minnesota federation of teachers, Minnesota association of teacher educators, Minnesota association of school administrators, Minnesota association of secondary school principals, Minnesota association of elementary school principals, Minnesota vocational association, Minnesota congress of parents, teachers, and students, Minnesota school boards association, education cooperative service units, the state university system, the Minnesota state university student association, the Minnesota association of private college students, the University of Minnesota student senate, and the Minnesota business partnership. In addition, the board shall appoint one member of the board of teaching to the task force. The task force shall include three ex officio members representing the commissioner of education, the state board of education, and the higher education coordinating board. Expenses incurred by task force members shall be reimbursed by the organizations they represent.

During the pilot period of the plan, the advisory task force shall meet at least six times each year and advise the board on restructuring the teacher preparation and licensure system.

The board of teaching shall, after consulting with the advisory task force, submit a progress report on implementing the restructured teacher preparation and licensure system to the education committees of the legislature by January 1 of each year. Before fully implementing the restructured system, the board of teaching shall include a report on the pilot period.

The task force shall continuously monitor the progress of the pilot projects developed under section 125.05, subdivision 1b, and assist the board in addressing policy questions implicated in restructuring the teacher preparation and licensure system, including:

(1) what impact the restructured system has on low income or place-bound persons;

(2) how the restructured system ensures the ethnic and cultural diversity of the teaching force;

(3) what the cost implications of the restructured system are for students, public and private teacher preparation institutions, and the state;

(4) what the status of teacher interns under the restructured system is with respect to licensure, tenure, and retirement and other employment benefits;

(5) what the relationship is between teacher preparation institutions and internship programs under the restructured system; and

(6) what the comparative costs and benefits are of a restructured program and existing teacher preparation programs with an internship component.

The higher education coordinating board shall assist ~~the state's~~ teacher preparation institutions in developing teacher ~~education~~ *preparation* 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.~~

The board of teaching shall disapprove a teacher preparation institution that has not implemented the revised teacher preparation curriculum by the 1996-1997 academic year.

Sec. 17. Minnesota Statutes 1990, section 127.46, is amended to read:

127.46 [SEXUAL HARASSMENT AND VIOLENCE POLICY.]

Each school board shall adopt a written sexual harassment and sexual violence policy that conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted ~~in~~ *throughout* each school building and included in each school's student handbook on school policies. *Each school must develop a process for discussing the school's sexual harassment and violence policy with students and school employees.*

Sec. 18. Minnesota Statutes 1990, section 128C.01, subdivision 4, is amended to read:

Subd. 4. [BOARD.] (a) The league must have a ~~21-member~~ *20-member* governing board.

(1) ~~The commissioner of education, or the commissioner's representative, is a nonvoting member.~~

~~(2)~~ The governor must appoint four members according to section 15.0597. Each of the four appointees must be a parent. At least one of them must be an American Indian, an Asian, a Black, or a Hispanic.

~~(3)~~ *(2)* The Minnesota association of secondary school principals must appoint two of its members.

~~(4)~~ *(3)* The remaining 14 members must be selected according to league bylaws.

(b) The terms, compensation, removal of members, and the filling of membership vacancies are governed by section 15.0575.

Sec. 19. Minnesota Statutes 1990, section 128C.02, is amended by adding a subdivision to read:

Subd. 1a. [ANNUAL REPORT.] *The board annually shall prepare a written report containing the information about the league that the commissioner is required to obtain and review under section 128C.20. The board shall present copies of the report in a timely manner to the education committees of the legislature.*

Sec. 20. Minnesota Statutes 1990, section 136C.69, subdivision 3, is amended to read:

Subd. 3. [LEVY.] (a) A member district that has transferred a technical college facility to the joint board may levy upon all taxable property in the member district, the following:

(1) in the first levy certified after the transfer, 75 percent of the amount of the district's most recent service fee allocation;

(2) in the second levy certified after the transfer, 50 percent of the amount of the district's service fee allocation under clause (1); and

(3) in the third levy certified after the transfer, 25 percent of the amount of the district's service fee allocation under clause (1).

(b) The proceeds of the levy may be placed in the general fund or any other fund of the district. Any unexpended portion of the proceeds so received must not be considered in the net undesignated fund balance of the member district for the three fiscal years to which the levy is attributable.

(c) Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

Sec. 21. 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. 22. 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. 23. 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. 24. Minnesota Statutes 1991 Supplement, section 364.09, is amended to read:

364.09 [EXCEPTIONS.]

(a) This chapter shall not apply to the practice of law enforcement, to fire protection agencies, to eligibility for a private detective or protective agent license, to eligibility for a family day care license, a family foster care license, a home care provider license, ~~to eligibility for a license issued or renewed by the board of teaching or state board of education,~~ *or* to eligibility for school bus driver endorsements~~,~~. *This chapter also shall not apply to eligibility for a license issued or renewed by the board of teaching or state board of education* or to eligibility for juvenile corrections employment where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district.

(c) Nothing in this section shall be construed to preclude the Minnesota

police and peace officers training board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

Sec. 25. 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. 26. 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. 27. [SEVERANCE PAY.]

Employees of the Hibbing technical college who are over the age of 50 and have more than 20 years of combined experience with independent school district No. 701 or Hibbing technical college as of July 1, 1992, shall have no loss in severance pay benefits due to the formation of a technical college district according to Minnesota Statutes, section 136C.71.

Sec. 28. [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 council shall have the power to make grants, from money appropriated to it, to organizations or individuals in order to obtain assistance in conducting the study. 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. 29. [REENACTMENT.]

Minnesota Statutes 1990, section 123.744, as amended by Laws 1991, chapter 265, article 9, section 41, is reenacted.

Sec. 30. [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. 31. [RECOMMENDATIONS ON BINDING ARBITRATION.]

As an alternative to the bargaining deadline and aid penalty in Minnesota Statutes, section 124A.22, subdivision 2a, the legislative commission on employee relations must evaluate and make recommendations to the legislature regarding the use of binding arbitration as a method to resolve negotiations at impasse between exclusive representatives for teachers and school boards. The report must be submitted by January 15, 1993.

Sec. 32. [LEGISLATIVE COMMITMENT TO A RESULTS-ORIENTED GRADUATION RULE.]

The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board of education shall use its rulemaking authority granted under Minnesota Statutes, section 121.11, subdivision 12, to adopt a statewide, results-oriented graduation rule according to the timeline in section 34. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in the rule.

Sec. 33. [STATE BOARD GRADUATION RULE.]

The state board of education shall report to the education committees of the legislature a progress report about the proposed high school graduation rule by February 1, 1993, and a final report about the proposed rule by January 1, 1994. Notwithstanding Minnesota Statutes, section 121.11, subdivision 12, the state board of education may continue its proceedings to adopt a graduation rule but must not take final action under Minnesota Statutes, sections 14.131 to 14.20 to adopt the rule before July 1. The 180-day time limit in Minnesota Statutes, section 14.19, does not apply to the rule.

Sec. 34. [BOARD OF TEACHING TO APPOINT LICENSING TASK FORCE.]

The board of teaching shall appoint a task force composed of board members and representatives of support personnel, including school counselors, school psychologists, school nurses, school social workers, media generalists and media supervisors, to study and recommend to the education committees of the legislature by February 15, 1993, the appropriate role for the board in licensing support personnel and whether support personnel should be required to successfully complete:

(1) an examination of skills in reading, writing, and mathematics;

(2) other examinations required of teachers; or

(3) a supervised and assessed internship in a professional development school.

Expenses incurred by task force members shall be reimbursed by the organizations they represent.

Sec. 35. [REPEALER.]

Minnesota Statutes 1990, section 125.03, subdivision 5, is repealed.

Sec. 36. [EFFECTIVE DATES.]

Section 1 is effective the first Monday of January, 1995. Section 6 is effective retroactive to the beginning of the 1991-1992 school year. Section 25 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~~ *between school boards*, 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, *or another location*.

Sec. 3. Minnesota Statutes 1991 Supplement, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil, except a foreign exchange pupil enrolled in a district under a cultural exchange program,

may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered ~~at~~ *by* that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.

Sec. 4. [REENACTMENT.]

Minnesota Statutes 1990, section 123.3514, subdivisions 6 and 6b, as amended by Laws 1991, chapter 265, article 9, sections 38 and 39, are reenacted.

Sec. 5. 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. 6. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

Subd. 4e. [COURSES ACCORDING TO AGREEMENTS.] *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, or another location, 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. 7. 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. 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~~ *124A.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~~ *124A.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. 8. 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. 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~~ *general education formula allowance times .65*, 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~~ *general education formula allowance times .65*, 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. 9. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

Subd. 6c. [FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.] *The agreement between a school board and the governing body of a public post-secondary system or private post-secondary institution shall set forth the payment amounts and arrangements, if any, from the school board to the post-secondary institution. No payments shall be made by the department of education according to subdivision 6 or 6b. For the purpose of computing state aids for a school district, a pupil enrolled according to subdivision 4e shall be counted in the average daily membership of the school district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public post-secondary system or private post-secondary institution from receiving additional state funding that may be available under any other law.*

Sec. 10. Minnesota Statutes 1991 Supplement, section 123.3514, subdivision 11, is amended to read:

Subd. 11. [PUPILS ~~AT A DISTANCE~~ *40 MILES OR MORE* FROM AN ELIGIBLE INSTITUTION.] A pupil who is enrolled in a secondary school that is located 40 miles or more from the nearest eligible institution may request that the resident district offer at least one accelerated or advanced academic course within the resident district in which the pupil may enroll for post-secondary credit. A pupil may enroll in a course offered under this subdivision for either secondary or post-secondary credit according to subdivision 5.

A district must offer an accelerated or advanced academic course for post-secondary credit if one or more pupils requests such a course under this subdivision. The district may decide which course to offer, how to offer the course, and whether to offer one or more courses. The district must offer at least one such course in the next academic period and must continue to offer at least one accelerated or advanced academic course for post-secondary credit in later academic periods.

Sec. 11. Minnesota Statutes 1990, section 123.3514, is amended by adding a subdivision to read:

Subd. 11a. [PUPILS LESS THAN 40 MILES FROM AN ELIGIBLE INSTITUTION.] *A pupil enrolled in a secondary school that is located less than 40 miles from the nearest eligible institution may enroll in a post-secondary course provided at the secondary school.*

Sec. 12. 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. 13. 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. 14. [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 or another location.

Sec. 15. [EFFECTIVE DATE.]

Section 3 is effective retroactively to July 1, 1991, and applies to the 1991-1992 and later school years. Sections 10 and 11 are effective July 1, 1993.

Sections 6 and 14 are 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. [SUPPORT GRANTS.] *In state fiscal years 1993, 1994, and 1995, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) or (b).*

(a) The 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)(1) The city or county provided 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 distribution for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.

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.]

Section 2 is effective January 1, 1993.

Section 3 is effective the day following final enactment.

Section 4 is effective January 1, 1993.

ARTICLE 11

STATE AGENCIES

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. *A balance in an*

appropriation under this paragraph does not cancel but is available in successive fiscal years.

Sec. 2. Minnesota Statutes 1990, section 124C.07, is amended to read:

124C.07 [COMPREHENSIVE ARTS PLANNING PROGRAM.]

The department of education shall prescribe the form and manner of application by *one or more* school districts to be designated as a site to participate in the comprehensive arts planning program. Up to 30 sites may be selected. The department of education shall designate sites in consultation with the Minnesota alliance for arts in education, *the Minnesota center for arts education*, and the Minnesota state arts board.

Sec. 3. Minnesota Statutes 1990, section 124C.08, subdivision 2, is amended to read:

Subd. 2. [CRITERIA.] The department of education, in consultation with the ~~Minnesota alliance for arts in education~~ *comprehensive arts planning program state steering committee*, shall establish criteria for site selection. Criteria shall include at least the following:

(1) a willingness by the district *or group of districts* to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;

(2) a willingness by the district *or group of districts* to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;

(3) commitment on the part of committee members to participate in training offered by the department of education;

(4) a commitment of the committee to conduct a needs assessment of arts education;

(5) commitment by the committee to evaluating its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

(7) no previous involvement of the district in the comprehensive arts planning program, *unless that district has joined a new group of districts*; and

(8) location of the district *or group of districts* to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 4. Minnesota Statutes 1990, section 124C.09, is amended to read:

124C.09 [DEPARTMENT RESPONSIBILITY.]

The department of education, in cooperation with the Minnesota alliance for arts in education ~~and~~, the Minnesota state arts board, *and the Minnesota center for arts education* shall provide materials, training, and assistance to the arts education committees in the school districts. The department may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.

Sec. 5. 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. 6. 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 5* 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. 7. Laws 1991, chapter 265, article 7, section 41, subdivision 4, is amended to read:

Subd. 4. [OUTCOME-BASED EDUCATION PROGRAM CONTRACTS.] For entering into contracts for outcome-based education programs according to section 37:

$675,000 1992

$675,000 1993

$55,000 each year is for evaluation and administration of the program.

A balance in the first year does not cancel but is available in the second year.

Sec. 8. 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. 9. [LAND TRANSFER.]

Subdivision 1. [PERMITTED.] *(a) Notwithstanding Minnesota Statutes, chapters 94 and 103F or any other law to the contrary, 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. 10. [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*
Transportation Aid	*($1,468,200)*	*(259,100)*
Summer Special Education Aid	*(23,100)*	
Individualized Learning and Development Aid	*(401,200)*	*(70,800)*
Assurance of Mastery	*(11,300)*	*(2,000)*
Special Programs Equalization Aid		*(1,000,000)*
Adult Basic Education Aid		*(200,000)*
Capital Expenditure Facilities Aid		*(940,800)*
Capital Expenditure Equipment Aid		*(955,100)*
Health and Safety Aid	*(1,147,500)*	*(202,500)*
Secondary Vocational Cooperative Aid	*(5,700)*	*(1,000)*
Educational Cooperative Service Units		*(15,000)*
Management Information Centers		*(136,000)*
Nonpublic Pupil Aid	*(146,500)*	*(25,800)*
Teacher Mentorship		*(10,000)*
Educational Effectiveness		*(30,000)*
State PER Assistance		*(24,000)*
Department of Education		*(140,000)*

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. 11. [REPEALER.]

Minnesota Statutes 1990, sections 121.25; 121.26; 121.27; 121.28; 128A.022, subdivisions 5 and 7; and 128A.024, subdivision 1, are repealed.

Sec. 12. [EFFECTIVE DATE.]

Sections 1, 7, 9, and 10 are effective the day following final enactment.

ARTICLE 12

NONCONTROVERSIAL AND TECHNICAL CHANGES

Section 1. Minnesota Statutes 1991 Supplement, section 120.064, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section ~~215.182~~ *125.05*, subdivision ~~2~~ *1*, to form and operate an outcome-based school subject to approval by the state board of education. The teachers shall organize and operate a school as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before a teacher may begin to form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize an outcome-based school. The affidavit must state the terms and conditions under which the sponsor would authorize an outcome-based school. The state board must approve or disapprove the sponsor's proposed authorization within 30 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the outcome-based school that was the subject of the affidavit.

(c) The teachers authorized to organize and operate a school shall hold an election for members of the school's board of directors. All staff members employed at the school and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school must be a majority of the members of the board of directors.

(d) The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school.

Sec. 2. 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. 3. 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. 4. Minnesota Statutes 1990, section 122.23, subdivision 16, is amended to read:

Subd. 16. As of the effective date of the consolidation, the bonded debt of all component districts shall be paid according to the plan for consolidation proposed in the approved plat~~, pursuant to the provisions of subdivision 16a or 16b, as applicable~~ *and according to this subdivision.*

(a) If the plan for consolidation so provides, the bonded debt of all component districts shall be paid according to levies previously made for that debt under chapter 475. In this case, the obligation of the taxable property in the component districts with reference to the payment of such bonded debt is not affected by the consolidation.

(b) If the plan for consolidation makes no provision for the disposition of bonded debt, all the taxable property in the newly created district is taxable for the payment of any bonded debt incurred by any component district in the proportion which the net tax capacity of that part of a preexisting district which is included in the newly created district bears to the net tax capacity of the entire preexisting district as of the time of the consolidation.

(c) If the plan for consolidation so provides, all the taxable property in the newly created district will be taxable for a portion of the bonded debt incurred by any component district prior to the consolidation.

Apportionment required under paragraphs (b) and (c) shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly created district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Sec. 5. Minnesota Statutes 1990, section 122.247, subdivision 1, is amended to read:

Subdivision 1. [REFERENDUM ~~LEVIES~~ *REVENUES.*] The referendum ~~levy~~ *revenue* authorization of the combined district shall be one of the methods set forth in section 122.531, subdivision 2a, 2b, or 2c, and must be consistent with the plan adopted according to section 122.242, and any subsequent modifications.

Sec. 6. Minnesota Statutes 1990, section 122.531, subdivision 1a, is amended to read:

Subd. 1a. [INVOLUNTARY DISSOLUTION REFERENDUM ~~LEVIES~~ *REVENUE.*] As of the effective date of the involuntary dissolution of a district and its attachment to one or more existing districts pursuant to sections 122.32, or 122.41 to 122.52, the authorization for any referendum ~~levy~~ *revenue* previously approved by the voters of the dissolved district in that district pursuant to section 124A.03, subdivision 2, or its predecessor or successor provision, is canceled. The authorization for any referendum ~~levy~~ *revenue* previously approved by the voters of a district to which all or part of the dissolved district is attached shall not be affected by the attachment and shall apply to the entire area of the district as enlarged by the attachment.

Sec. 7. Minnesota Statutes 1990, section 122.531, subdivision 2c, is amended to read:

Subd. 2c. If the plan for consolidation provides for discontinuance of referendum ~~levies~~ *revenue* previously approved by voters of the component districts pursuant to section 124A.03, subdivision 2, or its predecessor provision, the newly created district shall not ~~make~~ *receive* ~~a~~ referendum ~~levy~~ *revenue* unless the voters of the newly created district authorize ~~a~~ referendum ~~levy~~ *revenue* pursuant to section 124A.03, subdivision 2.

Sec. 8. 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. 9. 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. 10. 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 *170 days through the 1994-1995 school year and* the number of days required in *section 120.101*, subdivision ~~1b~~ *5b thereafter*, 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 *five days through the 1994-1995 school year and for subsequent school years* the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision ~~1b~~ *5b*. 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. 11. Minnesota Statutes 1991 Supplement, section 124.214, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the

commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The amount of the abatement adjustment shall be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(i) section 124A.23 if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;

(ii) section 275.125, subdivisions 5 and 5c, if the district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district receives health and safety aid according to that section;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district receives aid for community education programs according to any of those sections; ~~and~~

(vii) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711;

(viii) section 124.321, subdivision 3, if the district receives special education levy equalization aid according to that section;

(ix) section 124A.03, subdivision 1g, if the district receives referendum equalization aid according to that section; and

(x) section 124A.22, subdivision 4a, if the district receives training and experience aid according to that section;

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Sec. 12. Minnesota Statutes 1991 Supplement, section 124.214, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) section 124A.23, if the district receives general education aid according to that section, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;

(ii) section 275.125, subdivisions 5 and 5c, if the school district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district receives health and safety aid according to that section;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district receives aid for community education programs according to any of those sections; ~~and~~

(vii) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711;

(viii) section 124.321, subdivision 3, if the district receives special education levy equalization aid according to that section;

(ix) section 124A.03, subdivision 1g, if the district receives referendum equalization aid according to that section; and

(x) section 124A.22, subdivision 4a, if the district receives training and experience aid according to that section;

(B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds $25,000.

Sec. 13. 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. 14. 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. 15. 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. 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. 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 for fiscal year 1992 and 50 percent for fiscal years thereafter 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. 26. 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. 27. 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. 28. [REENACTMENT.]

Minnesota Statutes 1990, section 120.105 repealed by Laws 1991, chapter 265, article 9, section 75 is reenacted and remains in effect without interruption.

Sec. 29. [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 the education code 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. 30. [REPEALER.]

(a) Minnesota Statutes 1991 Supplement, section 123.35, subdivision 19, is 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. 31. [EFFECTIVE DATE.]

Section 8 is effective July 1, 1993. Section 25 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 appropriations; appropriating money; amending Minnesota Statutes 1990, sections 120.17, subdivisions 2, 3a, 8a, 16, and by adding a subdivision; 121.148, subdivision 3; 121.16, subdivision 1; 121.935, by adding a subdivision; 122.23, subdivisions 12, 13, 13a, and 16; 122.241, subdivision 3; 122.247, subdivision 1; 122.531, subdivisions 1a, 2, 2a, 2b, 2c, and 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 subdivisions; 123.39, subdivision 8d; 123.58, by adding a subdivision; 123.744, as amended, as reenacted; 124.155, subdivision 1; 124.243, subdivisions 2, 6, and by adding a subdivision; 124.244, subdivision 1; 124.2725, subdivisions 13 and 14; 124.331, subdivisions 1 and 3; 124.431, by adding a subdivision; 124.493, subdivision 1; 124.494, subdivisions 2, 4, and 5; 124.85, subdivision 4; 124A.22, subdivision 2a, and by adding subdivisions; 124A.23, subdivision 3; 124A.26, subdivision 2, and by adding a subdivision; 124C.07; 124C.08, subdivision 2; 124C.09; 124C.61; 125.05, subdivisions 1, 7, and by adding subdivisions; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.18, subdivision 1; 126.22, by adding a subdivision; 127.46; 128A.09, subdivision 2, and by adding a subdivision; 128C.01, subdivision 4; 128C.02, by adding a subdivision; 134.34, subdivision 1, and by adding a subdivision; 136C.69, subdivision 3; 136D.22, subdivision 1; 136D.27, subdivision 2; 136D.74, subdivision 2a; 136D.75; 136D.82, subdivision 1; 136D.87, subdivision 2; 205A.10, subdivision 2; and 275.125, subdivision 14a, and by adding subdivisions; Minnesota Statutes 1991 Supplement, sections 13.40, subdivision 2; 120.062, subdivision 8a; 120.064, subdivision 4; 120.17, subdivisions 3b, 7a, and 11a; 120.181; 121.585, subdivision 3; 121.904, subdivisions 4a and 4e; 121.912, subdivision 6; 121.932, subdivisions 2 and 5; 121.935, subdivisions 1 and 6; 122.22, subdivision 9; 122.23, subdivision 2; 122.242, subdivision 9; 122.243, subdivision 2; 122.531, subdivision 4a; 123.3514,

subdivisions 4 and 11; 123.702, subdivisions 1, 1a, 1b, and 3; 124.155, subdivision 2; 124.19, subdivisions 1 and 7; 124.195, subdivisions 2 and 3a; 124.214, subdivisions 2 and 3; 124.2601, subdivision 6; 124.2605; 124.2615, subdivision 2; 124.2721, subdivision 3b; 124.2727, subdivision 6, and by adding a subdivision; 124.479; 124.493, subdivision 3; 124.646, subdivision 4; 124.84, subdivision 3; 124.95, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 124A.03, subdivisions 1c, 2, 2a, and by adding a subdivision; 124A.23, subdivisions 1 and 4; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 125.185, subdivisions 4 and 4a; 125.62, subdivision 6; 126.23; 126.70; 136D.22, subdivision 3; 136D.71, subdivision 2; 136D.72, subdivision 1; 136D.76, subdivision 2; 136D.82, subdivision 3; 245A.03, subdivision 2; 275.065, subdivisions 1 and 6; 275.125, subdivisions 6j and 11g; 298.28, subdivision 4; 364.09; and 373.42, subdivision 2; Laws 1990, chapter 366, section 1, subdivision 2; Laws 1991, chapter 265, articles 3, section 39, subdivision 16; 4, section 30, subdivision 11; 5, sections 18, 23, and 24, subdivision 4; 6, section 67, subdivision 3; 7, sections 37, subdivision 6, and 41, subdivision 4; 8, sections 14 and 19, subdivision 6; 9, sections 75 and 76; and 11, section 23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 124; 124A; 126; and 135A; repealing Minnesota Statutes 1990, sections 121.25; 121.26; 121.27; 121.28; 124.274; 124A.02, subdivision 24; 124A.23, subdivisions 2, 2a, and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; 124A.29, subdivision 2; 125.03, subdivision 5; 126.071, subdivisions 2, 3, and 4; 128A.022, subdivisions 5 and 7; 128A.024, subdivision 1; 134.34, subdivision 2; 136D.74, subdivision 3; and 136D.76, subdivision 3; Minnesota Statutes 1991 Supplement, sections 123.35, subdivision 19; 124.2727, subdivisions 1, 2, 3, 4, and 5; 124.646, subdivision 2; 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 126.071, subdivision 1; and 136D.90, subdivision 2; Laws 1990, chapters 562, article 12; and 604, article 8, section 12; Laws 1991, chapter 265, articles 2, section 18; 3, section 36; 5, section 17; 6, sections 4, 20, 22 to 26, 28, 30 to 33, 41 to 45, 60, and 64; 7, section 35."

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

House Conferees: (Signed) Ken Nelson, Jerry J. Bauerly, Bob McEachern, Alice Hausman, Charlie Weaver

Senate Conferees: (Signed) Ronald R. Dicklich, Gregory L. Dahl, Gary M. DeCramer, Sandra L. Pappas, Gary W. Laidig

Mr. Dicklich moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2121 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2121 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 4, as follows:

Those who voted in the affirmative were:

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

Messrs. Belanger, Knaak, Mondale and Terwilliger voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

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 S.F. No. 897 and that the rules of the Senate be so far suspended as to give S.F. No. 897, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 897: 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; 171.30, 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.

Mr. Neuville moved to amend S.F. No. 897 as follows:

Page 2, line 18, strike "third" and insert "*second*"

Page 2, line 19, strike "fourth" and insert "*third*"

Page 12, line 28, delete everything after "*offense*" " and insert "*means a gross misdemeanor violation of section 169.121 or 169.129.*"

Page 12, delete lines 29 to 36

Page 13, delete lines 1 to 6

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 37 and nays 23, as follows:

Those who voted in the affirmative were:

Beckman	Davis	Johnson, J.B.	Morse	Renneke
Belanger	Day	Johnston	Neuville	Sams
Benson, D.D.	Flynn	Kelly	Novak	Terwilliger
Benson, J.E.	Frank	Knaak	Olson	Traub
Bernhagen	Frederickson, D.R.	Laidig	Pappas	Vickerman
Brataas	Gustafson	Luther	Pariseau	
Cohen	Hottinger	McGowan	Price	
Dahl	Johnson, D.E.	Mondale	Ranum	

Those who voted in the negative were:

Adkins	Dicklich	Lessard	Moe, R.D.	Solon
Berg	Finn	Marty	Piper	Spear
Berglin	Halberg	Mehrkens	Pogemiller	Stumpf
Bertram	Johnson, D.J.	Merriam	Reichgott	
Chmielewski	Kroening	Metzen	Samuelson	

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend S.F. No. 897 as follows:

Page 5, line 27, delete everything after the second "*section*"

Page 5, line 28, delete everything before "*169.129*"

Page 5, line 29, delete everything before the first "*609.21*,"

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

S.F. No. 897 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 61 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Berg voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2250 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2250: A bill for an act relating to public safety officer's survivor benefits; altering a definition; providing a claim filing limitation and data classification; amending Minnesota Statutes 1990, section 299A.41, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapter 299A.

Mr. Luther moved to amend H.F. No. 2250, the unofficial engrossment, as follows:

Page 1, line 11, after the period, insert "*In the case of a peace officer,*"

Page 1, line 13, before "*officer*" insert "*peace*"

Page 1, line 14, delete "*public safety*" and insert "*peace*"

The motion prevailed. So the amendment was adopted.

H.F. No. 2250 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 51 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnston	Neuville	Samuelson
Beckman	Day	Kelly	Novak	Solon
Belanger	Finn	Laidig	Olson	Spear
Benson, D.D.	Flynn	Lessard	Pappas	Stumpf
Benson, J.E.	Frank	Luther	Pariseau	Terwilliger
Berg	Frederickson, D.R.	McGowan	Pogemiller	Traub
Bernhagen	Gustafson	Mehrkens	Ranum	Vickerman
Bertram	Hottinger	Metzen	Reichgott	
Brataas	Johnson, D.E.	Moe, R.D.	Renneke	
Chmielewski	Johnson, D.J.	Mondale	Riveness	
Cohen	Johnson, J.B.	Morse	Sams	

Those who voted in the negative were:

DeCramer	Knaak	Merriam	Piper	Price

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2509 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2509: A bill for an act relating to motor fuels; weights and measures; regulating octane and oxygenated fuels; amending Minnesota Statutes 1990, sections 41A.09, subdivision 2, and by adding a subdivision; 239.75; 239.79; 239.80; 296.01, subdivisions 1, 2, 3, 4, 4a, 4b, 15, 24, and by adding subdivisions; 296.02, subdivisions 1, 2, and 7; Minnesota Statutes 1991 Supplement, section 239.05, subdivision 1, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 239; repealing Minnesota Statutes 1990, sections 239.75, subdivisions 3 and 4; 239.76, as amended; 239.79, subdivisions 1 and 2; 296.01, subdivision 2a; and 325E.09.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2732 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2732: A bill for an act relating to public health; providing for the reporting and monitoring of certain licensed health care workers who are infected with the human immunodeficiency virus or hepatitis B virus; authorizing rulemaking for certain health-related licensing boards; providing penalties; amending Minnesota Statutes 1990, sections 144.054; 144.55, subdivision 3; 147.091, subdivision 1; 148.261, subdivision 1; 150A.08, subdivision 1; 153.19, subdivision 1; and 214.12; proposing coding for new law in Minnesota Statutes, chapters 150A; and 214.

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 56 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2136 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2136

A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1990, sections 222.86, subdivision 3; 222.87, by adding a subdivision; and 222.88.

April 13, 1992

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2136, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

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

Senate Conferees: (Signed) Ted A. Mondale, Sam G. Solon

House Conferees: (Signed) Jim Farrell, Pat Beard

Mr. Mondale moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2136 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2136 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 44 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Metzen	Riveness
Beckman	Day	Johnson, J.B.	Moe, R.D.	Sams
Belanger	DeCramer	Kelly	Mondale	Samuelson
Benson, J.E.	Finn	Kroening	Morse	Solon
Berglin	Flynn	Laidig	Novak	Stumpf
Bernhagen	Frank	Lessard	Piper	Terwilliger
Bertram	Frederickson, D.R.	Luther	Pogemiller	Traub
Chmielewski	Hottinger	Mehrkens	Price	Vickerman
Cohen	Hughes	Merriam	Ranum	

Those who voted in the negative were:

Berg	Johnston	Larson	Olson	Renneke
Brataas	Knaak	Neuville	Pariseau	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2746 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2746: A bill for an act relating to occupations and professions; board of accountancy; establishing procedures for the board to carry out disciplinary proceedings; providing penalties; amending Minnesota Statutes 1990, section 326.211, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1990, sections 326.23; and 326.231.

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 54 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Messrs. Novak and Samuelson were excused from the Session of today from 12:00 noon to 1:20 p.m. Ms. Olson was excused from the Session of today from 12:00 noon to 1:10 p.m. Ms. Reichgott was excused from the Session of today from 12:00 noon to 1:45 p.m. Mr. Chmielewski was excused from the Session of today from 12:00 noon to 3:00 p.m. Mr. Pogemiller was excused from the Session of today from 1:50 to 2:50 p.m. Mr. McGowan was excused from the Session of today from 9:30 to 10:00 p.m. Ms. Traub was excused from the Session of today from 2:30 to 4:30 p.m. Mr. Waldorf was excused from the Session of today at 10:00 p.m. Mr. Frederickson, D.J. was excused from the Session of today at 10:10 p.m. Mr. Halberg was excused from the Session of today at 11:00 p.m. Mr. Dahl was excused from the Session of today at 10:50 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Wednesday, April 15, 1992. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate