# TWENTY-NINTH DAY

St. Paul, Minnesota, Thursday, April 1, 1993

The Senate met at 8:30 a.m. and was called to order by the President.

## CALL OF THE SENATE

Mr. Spear 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. M. Susan Milnor.

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

| | | | | |
|---|---|---|---|---|
| Adkins | Dille | Krentz | Morse | Robertson |
| Anderson | Finn | Kroening | Murphy | Runbeck |
| Beckman | Flynn | Laidig | Neuville | Sams |
| Belanger | Frederickson | Langseth | Novak | Samuelson |
| Benson, D.D. | Hanson | Larson | Oliver | Solon |
| Benson, J.E. | Hottinger | Lesewski | Olson | Spear |
| Berg | Janezich | Lessard | Pappas | Stevens |
| Berglin | Johnson, D.E. | Luther | Pariseau | Stumpf |
| Bertram | Johnson, D.J. | Marty | Piper | Terwilliger |
| Betzold | Johnson, J.B. | McGowan | Pogemiller | Vickerman |
| Chandler | Johnston | Merriam | Price | Wiener |
| Chmielewski | Kelly | Metzen | Ranum | |
| Cohen | Kiscaden | Moe, R.D. | Reichgott | |
| Day | Knutson | Mondale | Riveness | |

The President declared a quorum present.

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

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

March 29, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 19.

Warmest regards,
Arne H. Carlson, Governor

## REPORTS OF COMMITTEES

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

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1221: A bill for an act relating to motor vehicles; requiring license plates to stay with motor carrier on prorate truck; changing the registration period for prorate vehicles; excepting prorate vehicles from renewal notice requirements; making owner-operator subject to suspension of plates and international fuel tax agreement license for certain delinquent filings or payments; amending Minnesota Statutes 1992, sections 168.09, subdivisions 3 and 5; 168.12, subdivision 1; and 168.187, subdivision 26.

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

Page 4, after line 29, insert:

"Sec. 5. Minnesota Statutes 1992, section 168.31, subdivision 4a, is amended to read:

Subd. 4a. [INSTALLMENTS.] If the tax for a vehicle assessed under section 168.187 amounts to more than $400, the owner may pay the tax by installments. The owner shall submit with the application for registration, no later than January 1 ~~or the registration year,~~ one-third of the Minnesota annual tax due or $400, whichever is greater. The applicant shall furnish a bond, bank letter of credit, or certificate of deposit approved by the registrar of motor vehicles, for the total of the tax still due. The amount of the bond, letter of credit, or certificate of deposit may include any penalties assessed. The bond, letter of credit, or certificate of deposit must be for the benefit of the state for monetary loss caused by failure of the vehicle owner to pay delinquent license fees and penalties. The remainder of the tax due must be paid in two equal installments; the due date of the first installment is May 1 and the second installment is due on September 1. If an owner of a vehicle fails to pay an installment on or before the due date, the vehicle must not be used on the public streets or highways in this state until the installment or installments of the tax remaining due on the vehicle has been paid in full for the licensed year, together with a penalty at the rate of $1 per day for the remainder of the month in which the balance of the tax becomes due and $4 a month for each succeeding month or fraction of it during which the balance of the tax remains unpaid. The registrar shall deny installment payment privileges provided in this subdivision in the subsequent year to any owner on any or all vehicles of an owner who during the current year fails to pay any installment and penalties due within one month after the due date."

Amend the title as follows:

Page 1, line 11, delete "and" and before the period, insert "; and 168.31, subdivision 4a"

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

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

S.F. No. 298: A bill for an act relating to crime; expanding the crime of trespass to include entry onto locked or posted construction sites without consent; amending Minnesota Statutes 1992, section 609.605, subdivision 1.

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

Page 2, line 1, delete everything after "*in*" and insert "*a conspicuous place on the exterior of the building that is under construction, alteration, or repair, and additional signs in at least two conspicuous places for each ten acres being protected*"

Page 2, line 2, delete everything before the period

Page 2, after line 8, insert:

"*(vi) For purposes of this section, "building" has the meaning given in section 609.581, subdivision 2.*"

Page 2, line 19, after "dwelling" insert "*or locked or posted building*"

Page 2, line 34, before the period, insert "*, except that this clause does not prohibit any person from engaging in organizing and other lawful union activities permitted by state or federal law*"

Amend the title as follows:

Page 1, line 3, after "sites" insert "and buildings"

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

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

H.F. No. 546: A bill for an act relating to outdoor recreation; prohibiting motor sports areas within the Dorer Memorial Hardwood Forest without county and township board approval.

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

Delete everything after the enacting clause and insert:

"Section 1. [89.025] [RICHARD J. DORER MEMORIAL HARDWOOD STATE FOREST; LAND USE RESTRICTED.]

*After June 1, 1993, the commissioner may not allow the use of additional state forest lands within the boundaries of the Richard J. Dorer Memorial Hardwood State Forest for operation of recreational motor vehicles as defined in section 84.90, subdivision 1, without approval of the county board and town board of the county and town within which the use is proposed.*

Sec. 2. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*"

Delete the title and insert:

"A bill for an act relating to outdoor recreation; prohibiting expanded use of recreational motor vehicles within the Richard J. Dorer Memorial Hard-

wood State Forest without county and town board approval; proposing coding for new law in Minnesota Statutes, chapter 89."

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

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

S.F. No. 550: A bill for an act relating to animals; prohibiting certain species; imposing a penalty; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 35.

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

Delete everything after the enacting clause and insert:

"Section 1. [84.9695] [RESTRICTED SPECIES.]

*Subdivision 1.* [DEFINITIONS.] *(a) The definitions in this subdivision apply to this section.*

*(b) "Commissioner" means the commissioner of natural resources.*

*(c) "Restricted species" means Eurasian wild pigs and their hybrids (Sus scrofa subspecies and Sus scrofa hybrids), excluding domestic hogs (S. scrofa domesticus).*

*(d) "Release" means an intentional introduction or escape of a species from the control of the owner or responsible party.*

*Subd. 2.* [IMPORTATION; POSSESSION; RELEASE OF RESTRICTED SPECIES.] *It is unlawful for a person to import, possess, propagate, transport, or release restricted species, except as provided in subdivision 3.*

*Subd. 3.* [PERMITS.] *(a) The commissioner may issue permits for the transportation, possession, purchase, or importation of restricted species for scientific, research, educational, or commercial purposes. A permit issued under this subdivision may be revoked by the commissioner if the conditions of the permit are not met by the permittee or for any unlawful act or omission, including accidental escapes.*

*(b) The commissioner may issue permits for a person to possess and raise a restricted species for commercial purposes if the person was in possession of the restricted species on March 1, 1993. Under the permit, the number of breeding stock of the restricted species in the possession of the person may not increase and the person must comply with the certification requirements in subdivision 7.*

*(c) A person may possess a restricted species without a permit for a period not to exceed two days for the purpose of slaughtering the restricted species for human consumption.*

*Subd. 4.* [NOTICE OF ESCAPE OF RESTRICTED SPECIES.] *In the event of an escape of a restricted species, the owner must notify within 24 hours a conservation officer and the board of animal health and is responsible for the recovery of the species. The commissioner may capture or destroy the escaped animal at the owner's expense.*

*Subd. 5.* [ENFORCEMENT.] *This section may be enforced under sections 97A.205 and 97A.211.*

*Subd. 6.* [PENALTY.] *A person who violates subdivision 2, 4, or 7 is guilty of a misdemeanor.*

*Subd. 7.* [CERTIFICATION AND IDENTIFICATION REQUIREMENTS.] *(a) A person who possesses restricted species on the effective date of this section must submit certified numbers of restricted species in the person's possession to the board of animal health by June 1, 1993.*

*(b) Restricted species in the possession of a person must be marked in a permanent fashion to identify ownership. The restricted species must be marked as soon as practicable after birth or purchase.*

*Subd. 8.* [CONTAINMENT.] *The commissioner shall develop criteria for approved containment measures for restricted species with the assistance of producers of restricted species.*

*Subd. 9.* [BOND; SECURITY.] *A person who possesses restricted species must file a bond or deposit with the commissioner security in the form and in the amount determined by the commissioner to pay for the costs and damages caused by an escape of a restricted species.*

*Subd. 10.* [FEE.] *The commissioner shall impose a fee for permits in an amount sufficient to cover the costs of issuing the permits and for facility inspections. The fee may not exceed $50.*

Sec. 2. [RESTRICTED SPECIES TASK FORCE.]

*Subdivision 1.* [CREATION.] *A task force is created to evaluate the feasibility of allowing restricted species in the state. The task force shall consist of the following members: a member of the senate appointed by the subcommittee on committees of the committee on rules and administration, a member of the house of representatives appointed by the speaker of the house of representatives, the commissioner of natural resources or the commissioner's designee, the commissioner of agriculture or the commissioner's designee, a representative of the board of animal health, two representatives of producers of restricted species, and a representative of the conservation community appointed by the commissioner of natural resources.*

*Subd. 2.* [CHAIR.] *The commissioner of agriculture or the commissioner's designee shall chair the task force and shall make the appointments for the producers of the restricted species and the board of animal health as provided in subdivision 1.*

*Subd. 3.* [DUTIES.] *The task force shall conduct a study of the feasibility of allowing restricted species in the state and make recommendations concerning the following issues:*

*(1) the economic viability of raising restricted species in the state;*

*(2) the feasibility of possessing and raising restricted species in the state in a safe manner;*

*(3) any health threats, including the spread of diseases, posed by possession and any increase in numbers of restricted species in the state;*

*(4) the administrative impact on the departments of agriculture and natural resources if restricted species are permitted in the state;*

*(5) any other factors relative to the costs and benefits and feasibility of permitting restricted species in the state; and*

*(6) the ecological threat to the state.*

*Subd. 4.* [REPORT.] *The task force shall submit a written report containing its recommendations and findings to the legislature by January 1, 1994.*"

Delete the title and insert:

"A bill for an act relating to agriculture; regulating activities relating to restricted species; creating a restricted species task force; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 84."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1199: A bill for an act relating to labor and employment; advisory councils; extending the expiration date of labor and employment related advisory councils; amending Minnesota Statutes 1992, sections 79.51, subdivision 4; 175.008; 178.02, subdivision 2; 182.656, subdivision 3; 268.363; and 326.41.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 544: A bill for an act relating to labor; providing that certain acts are an unfair labor practice; amending Minnesota Statutes 1992, sections 179.12; and 179A.13, subdivision 2.

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

Page 2, line 5, after "*interview*" insert "*of the employee*"

Page 2, line 6, delete "*any*" and insert "*that*" and delete "*a*" and insert "*the employee's*"

Page 4, line 2, after "*interview*" insert "*of the employee*"

Page 4, line 3, delete "*any*" and insert "*that*" and delete "*a*" and insert "*the employee's*"

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

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

S.F. No. 636: A bill for an act relating to pollution control; modifying eligibility area for state financial assistance program for combined sewer overflow; amending Minnesota Statutes 1992, section 116.162, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. [COMBINED SEWER OVERFLOW STUDY; CITY OF RED WING.]

*The commissioner of the pollution control agency shall study the feasibility and cost of including the city of Red Wing in the combined sewer overflow program under Minnesota Statutes, section 116.162. The commissioner shall report the findings of the study to the legislature by January 15, 1994.*"

Delete the title and insert:

"A bill for an act relating to pollution control; requiring a study of the feasibility of including the city of Red Wing in the state financial assistance program for combined sewer overflow."

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

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

S.F. No. 796: A bill for an act relating to transportation; exempting public bodies from regulations on all-terrain vehicles; allowing commissioner of transportation to transfer certain real property acquired for highway purposes to former owner through negotiated settlement; providing for bridge inspection frequency and reports; delaying required revision of state transportation plan; authorizing expenditure of rail service maintenance account money for maintenance of rail lines and rights-of-way in the rail bank; providing funding sources for rail bank maintenance account; authorizing sale of certain tax-forfeited land that borders public water in New Scandia township in Washington county, and an exchange of that land for land located in Stillwater township in Washington county between the state of Minnesota and the United States Department of Interior, National Park Service; repealing identification display requirements for highway advertising signs; amending Minnesota Statutes 1992, sections 84.92, subdivision 6; 165.03; 174.03, subdivision 1a; 222.50, subdivision 7; 222.63, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 161; repealing Minnesota Statutes 1992, section 173.14; and Minnesota Rules, part 8810.1300, subpart 6.

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

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 1992, section 84.928, subdivision 1, is amended to read:

Subdivision 1. [OPERATION ON ROADS AND RIGHTS-OF-WAY.] (a) A person shall not operate an all-terrain vehicle along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way other than in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway in this state unless otherwise allowed in sections 84.92 to 84.929.

(b) A person may operate an all-terrain vehicle registered for private use and used for agricultural purposes on a public road right-of-way of a trunk, county

state-aid, or county highway in this state if the all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

(c) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. *This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 9, or the department of natural resources when performing or exercising official duties or powers.*

(d) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

(e) A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state."

Page 6, line 11, delete "RULE CHANGE" and insert "BRIDGE INSPECTIONS"

Page 6, line 12, after "*commissioner*" insert "*of transportation*" and delete everything after "*shall*"

Page 6, line 13, delete everything before "*that*" and insert "*ensure*"

Page 6, line 14, delete everything after "*years*" and insert a period

Page 6, delete lines 15 to 18

Amend the title as follows:

Page 1, line 21, delete "84.92" and insert "84.928" and delete "6" and insert "1"

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

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

S.F. No. 1275: A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue "no-association determinations"; creating a pollution abatement loan and grant program in the department of trade and economic development; providing for loan repayment by municipalities; authorizing the issuance of bonds and the making of loans and grants; appropriating money; amending Minnesota Statutes 1992, section 115B.175, subdivision 6, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 115B; and 116J.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 115B.175, subdivision 4, is amended to read:

Subd. 4. [PERFORMANCE OF RESPONSE ACTIONS DOES NOT ASSOCIATE PERSONS WITH RELEASE.] Persons specified in subdivision 6 do not associate themselves with, *or aggravate or contribute to,* any release or threatened release identified in an approved voluntary response action plan for the purpose of *subdivision 7, clause (1), or* section 115B.03, subdivision 3, paragraph (d), as a result of performance of the response actions required in accordance with the plan and the direction of the commissioner. This subdivision does not apply to a person specified in subdivision 7. Nothing in this section relieves a person of any liability for failure to exercise due care in performing a response action.

Sec. 2. Minnesota Statutes 1992, section 115B.175, is amended by adding a subdivision to read:

*Subd. 6a.* [VOLUNTARY RESPONSE ACTIONS BY RESPONSIBLE PERSONS.] *(a) Notwithstanding subdivision 1, paragraph (a), when a person who is responsible for a release or threatened release under sections 115B.01 to 115B.18 undertakes and completes response actions, the protection from liability provided by this section applies to persons described in paragraph (c) if the response actions are undertaken and completed in accordance with this subdivision.*

*(b) The response actions must be undertaken and completed in accordance with a voluntary response action plan approved as provided in subdivision 3. Notwithstanding subdivision 2, a voluntary response action plan submitted by a person who is responsible for the release or threatened release must require remedy or removal of all releases and threatened releases at the identified area of real property. The identified area of real property must correspond to the boundaries of a parcel that is either separately platted or is the entire parcel.*

*(c) Subject to the provisions of subdivision 7, when the commissioner issues a certificate of completion under subdivision 5 for response actions completed at an identified area of real property in accordance with this subdivision, the liability protection under this section applies to:*

*(1) a person who acquires the identified real property after approval of the voluntary response action plan;*

*(2) a person providing financing for response actions or development at the identified real property after approval of the response action plan, whether the financing is provided to the person undertaking the response actions or other person who acquires or develops the property; and*

*(3) a successor or assign of a person to whom the liability protection applies under this paragraph.*

Sec. 3. Minnesota Statutes 1992, section 115B.175, subdivision 7, is amended to read:

Subd. 7. [PERSONS NOT PROTECTED FROM LIABILITY.] The protection from liability provided by this section does not apply to:

(1) a person who aggravates or contributes to a release or threatened release that was not remedied under an approved voluntary response action plan;

(2) a person who was responsible under sections 115B.01 to 115B.18 for a release or threatened release identified in the approved voluntary response action plan before taking an action that would have made the person subject to the protection under subdivision 6 *or 6a*; or

(3) a person who obtains approval of a voluntary response action plan for purposes of this section by fraud or misrepresentation, or by knowingly failing to disclose material information, or who knows that approval was so obtained before taking an action that would have made the person subject to the protection under subdivision 6 *or 6a*.

Sec. 4. [115B.178] [ASSOCIATION WITH RELEASE; AGENCY DEFINITION.]

*Subdivision 1.* [COMMISSIONER'S NO-ASSOCIATION DETERMINATION.] *A "no-association determination" is a determination by the commissioner on a case-by-case basis defining circumstances when conduct would not associate a person with a release of a hazardous substance or pollutant or contaminant under section 115B.03, subdivision 3, clause (d). A person taking actions consistent with a specific no-association determination is not liable as a responsible person under sections 115B.01 to 115B.18. The commissioner may subject a no-association determination to reasonable or necessary further conditions. A no-association determination is invalid if the commissioner obtains new information indicating the person is otherwise responsible for the release. A no-association determination may not be issued for conduct that the commissioner finds would:*

*(1) interfere with implementation of a remedy or remedial action;*

*(2) result in an action that would significantly contribute to the release or threat of release of a hazardous substance or pollutant or contaminant; or*

*(3) pose health risks for persons in the vicinity of the real property or facility.*

*Subd. 2.* [SCOPE AND EFFECT OF DETERMINATION.] *Section 115B.177, subdivision 2, applies to a determination by the commissioner under this section.*

Sec. 5. [115B.179] [COMMISSIONER'S AUTHORITY NOT LIMITED.]

*The commissioner's authority to make a determination or enter into an agreement under section 115B.177 and to make a "no-association determination" under section 115B.178 does not limit or preclude any other authority of the commissioner under any law."*

Delete the title and insert:

"A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue "no-association determinations"; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B."

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

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 429: A bill for an act relating to alcoholic beverages; changing definitions of licensed premises, nonintoxicating malt liquor, restaurant, and wine; authorizing an investigation fee on denied licenses; prohibiting manufacturers from dealing directly with retailers; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; authorizing seizure and disposal of illegally possessed alcoholic beverages; providing instructions to the revisor; amending Minnesota Statutes 1992, sections 340A.101, subdivisions 15, 19, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.703; 340A.904, subdivision 1; and 340A.907; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1992, section 340A.903.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. A collector of commemorative bottles, other than a person under the age of 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person *entering Minnesota from another state* who imports or has in possession ~~untaxed~~ intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. *A person entering Minnesota from a foreign country who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor.* This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 2. [297C.095] [INTERSTATE RECIPROCAL WINE TRANSPORTATION.]

*(a) Notwithstanding section 297C.09 or any provision of this chapter or chapter 340A, an adult resident or holder of an alcoholic beverage license in a state which affords Minnesota licensees or adult residents an equal reciprocal shipping privilege may ship, for personal use and not for resale, not more than two cases of wine, containing a maximum of nine liters per case in any calendar year to any adult resident of this state. Delivery of a shipment pursuant to this section shall not be deemed to constitute a sale in this state.*

*(b) The shipping container of any wine sent into or out of this state under this section shall be clearly labeled to indicate that the package cannot be delivered to a person under the age of 21 years.*

*(c) No broker within this state shall solicit consumers to engage in interstate reciprocal wine shipments under this section. No shipper located outside this state may advertise such interstate reciprocal wine shipments in this state.*

*(d) It is not the intent of this section to impair the distribution of wine through distributors or importing distributors, but only to permit shipments of wine for personal use.*

Sec. 3. Minnesota Statutes 1992, section 340A.101, subdivision 15, is amended to read:

Subd. 15. [LICENSED PREMISES.] "Licensed premises" is the premises described in the approved license application, *and consistent with section 340A.410, subdivision 7.* In the case of a restaurant, club, or exclusive liquor store licensed for on-sales of alcoholic beverages and located on a golf course, "licensed premises" means the entire golf course except for areas where motor vehicles are regularly parked or operated.

Sec. 4. Minnesota Statutes 1992, section 340A.101, subdivision 25, is amended to read:

Subd. 25. [RESTAURANT.] "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly *prepared on the premises and* served at tables to the general public, and having seating capacity for guests in the following minimum numbers:

| | |
|---|---|
| (a) First class cities | 50 |
| (b) Second and third class cities and statutory cities of over 10,000 population | 30 |
| (c) Unincorporated or unorganized territory other than in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties | 100 |
| (d) Unincorporated or unorganized territory in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties | 50 |

In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.

Sec. 5. Minnesota Statutes 1992, section 340A.101, subdivision 29, is amended to read:

Subd. 29. [WINE.] "Wine" is *the product made from the normal alcoholic fermentation of grapes, including still wine,* sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than

~~seven~~ *one-half of one* percent nor more than 24 percent alcohol by volume for nonindustrial use. *Wine does not include distilled spirits as defined in subdivision 9.*

Sec. 6. Minnesota Statutes 1992, section 340A.301, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] An application for a license under this section must be made to the commissioner on a form the commissioner prescribes *and must be accompanied by the fee specified in subdivision 6. If an application is denied, $100 of the amount of any fee exceeding that amount shall be retained by the commissioner to cover costs of investigation.*

Sec. 7. Minnesota Statutes 1992, section 340A.302, subdivision 3, is amended to read:

Subd. 3. [FEES.] Annual fees for licenses under this section, *which must accompany the application,* are as follows:

| | |
|---|---|
| Importers of distilled spirits, wine, or ethyl alcohol | $420 |
| Importers of malt liquor | $800 |

*If an application is denied, $100 of the fee shall be retained by the commissioner to cover costs of investigation.*

Sec. 8. Minnesota Statutes 1992, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

(1) a person not a citizen of the United States or a resident alien;

(2) a person under 21 years of age;

(3) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(4) a person not of good moral character and repute; or

(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a *felony or a* willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Sec. 9. Minnesota Statutes 1992, section 340A.415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing ~~or approving~~ any retail license or permit under this chapter *or the commissioner* shall either suspend for up to 60 days or revoke the license or permit or impose a civil ~~fine~~ *penalty* not to exceed $2,000 for each violation on a finding that the license or permit holder has ~~failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearing. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly~~ (1) ~~sells~~ *sold* alcoholic beverages to another retail licensee for the purpose of resale, (2) ~~purchases~~ *purchased* alcoholic beverages from another retail licensee for the purpose of resale, (3) ~~conducts or permits~~ *conducted or permitted* the conduct of gambling on the licensed premises in violation of the law, ~~or~~ (4) ~~fails~~ *failed* to remove or dispose of alcoholic beverages when ordered by the commissioner to do so under section 340A.508, subdivision 3, *or (5) failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been given an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearings. Imposition of a penalty or suspension by either the issuing authority or the commissioner does not preclude imposition of an additional penalty or suspension by the other so long as the total penalty or suspension does not exceed the state maximum.*

Sec. 10. Minnesota Statutes 1992, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license *or identification card* issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed *or identified* person;

(2) a valid Minnesota identification card;

(3) *a valid military identification card issued by the United States Department of Defense;*

*(4)* a valid Canadian identification card with the photograph and date of birth of the person, issued by a Canadian province; or

~~(4)~~ *(5)* in the case of a foreign national, from a nation other than Canada, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

Sec. 11. Minnesota Statutes 1992, section 340A.703, is amended to read:

340A.703 [MISDEMEANORS.]

Where no other penalty is specified a violation of any provision of this chapter *or rule of the commissioner adopted under this chapter* is a misdemeanor.

Sec. 12. [340A.706] [FALSE OR INCOMPLETE LICENSE APPLICATIONS; PENALTY.]

*It is a misdemeanor for any applicant for a license or permit under this chapter to make any false statement or fail to disclose any information required by the commissioner in connection with an application. In addition to any criminal penalty imposed, the commissioner may either suspend for up to 60 days, revoke, or deny the license or permit or impose a civil penalty of not over $2,000 upon finding that an applicant made a false statement or failed to disclose required information.*

Sec. 13. Minnesota Statutes 1992, section 340A.904, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL ALTERNATIVES.] Contingent on the final determination of any action pending in a court, the commissioner shall dispose of alcoholic beverages, material, apparatus, or vehicle seized by inspectors or employees of the department by:

(1) delivering alcoholic beverages to the bureau of criminal apprehension or state patrol for use in chemical testing programs;

(2) delivering on written requests of the commissioner of administration any material, apparatus, or vehicle for use by a state department;

(3) selling intoxicating liquor to licensed retailers within the state;

(4) selling any material, apparatus, or vehicle; ~~or~~

(5) destroying alcoholic beverages or contraband articles that have no lawful use*; or*

*(6) donation to a charity registered under section 309.52.*

Sec. 14. Laws 1983, chapter 259, section 8, is amended to read:

Sec. 8. [ST. PAUL; PARK CLUB HOUSES *AND PAVILION*; LIQUOR.]

*Subdivision 1.* [AUTHORIZATION.] Notwithstanding any contrary provision of law, charter or ordinance, the city of St. Paul may by ordinance authorize any holder of an "on-sale" liquor license issued by the city to dispense intoxicating liquor at any event of definite duration on the public premises known as the Phalen Park club house, *the Como Park club house, and at the Como Park lakeside pavilion*. The event may not be profit making except as a fund raising event for a nonprofit organization or a political committee as defined in Minnesota Statutes, section ~~210A.01, subdivision~~ 8 *211A.01, subdivision 4*. The licensee must be engaged to dispense liquor at the event by a person or organization permitted to use the premises and may dispense liquor only to persons attending the event. A licensee's authority shall expire upon termination of the event. The authority to dispense liquor shall be granted in accordance with the statutes applicable to the issuance of "on-sale" liquor licenses in cities of the first class consistent with this act. The dispensing of liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor that are consistent with this act. All dispensing of liquor shall be in accordance with the conditions prescribed by

the city. The conditions may limit the dispensing of liquor to designated areas of the facility. The city may fix and assess a fee to be paid to the city by an "on-sale" licensee for each event for which the licensee is engaged to dispense liquor. The authority granted by this subdivision shall not count as an additional "on-sale" intoxicating liquor license for purposes of determining the number of liquor licenses permitted to be issued under the provisions of Minnesota Statutes, section ~~340.11~~ *340A.413*.

*Subd. 2.* [LOCAL APPROVAL.] *This section is effective on approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021.*

Sec. 15. Laws 1992, chapter 486, section 11, is amended to read:

Sec. 11. [NATIONAL SPORTS CENTER; SALES OF ALCOHOLIC BEVERAGES.]

*Subdivision 1.* [AUTHORIZATION.] The Blaine city council may by ordinance authorize a holder of a retail on-sale intoxicating liquor license issued by the city *of Blaine* or ~~a contiguous~~ *another* city *within Anoka, Hennepin, or Ramsey county* to dispense alcoholic beverages at the National Sports Center to persons attending a social event at the center. The licensee must be engaged to dispense alcoholic beverages at a social event held by a person or organization permitted to use the National Sports Center. Nothing in this section authorizes a licensee to dispense alcoholic beverages at any *youth* amateur athletic event held at the center.

*Subd. 2.* [EFFECTIVE DATE.] *This section is effective the day following final enactment. Under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), subdivision 1 takes effect without local approval.*

Sec. 16. [ZOOLOGICAL GARDEN LICENSES.]

*Subdivision 1.* [AUTHORIZATION.] *(a) In addition to other licenses authorized by law, the city of Apple Valley may issue one or more on-sale intoxicating liquor licenses to the Minnesota zoological gardens located at 13000 Zoo Boulevard in Apple Valley or to an entity holding a concessions contract with the Minnesota zoological board for use on the premises.*

*(b) The city of Apple Valley may authorize the holder of a retail on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises owned by Dakota county located at 14955 Galaxie Avenue in Apple Valley or to any entity holding a concessions contract with the owner for use on the premises. The licensee must be engaged to dispense intoxicating liquor at an event held by a person or organization permitted to use the premises and may dispense intoxicating liquor only to persons attending the event.*

*(c) The license authorizes sales on all days of the week.*

*(d) The license authorized by this subdivision may be issued for space that is not compact and contiguous, provided that all such space is within the premises and is included in the description of the licensed premises on the approved license application.*

*(e) All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licensing, sale, and serving of alcoholic beverages under this section.*

*Subd. 2.* [EFFECTIVE DATE.] *This section is effective on approval by the Apple Valley city council and compliance with Minnesota Statutes, section 645.021.*

Sec. 17. [HOUSTON COUNTY; ON-SALE LIQUOR LICENSE.]

*Subdivision 1.* [AUTHORIZATION.] *(a) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Crooked Creek township notwithstanding the fact that the establishment is not a "restaurant" as defined in Minnesota Statutes, section 340A.101, subdivision 25.*

*(b) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Brownsville township notwithstanding the fact that the establishment is not a "restaurant" as defined in Minnesota Statutes, section 340A.101, subdivision 25.*

*(c) All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.*

*Subd. 2.* [EFFECTIVE DATE.] *This section is effective on approval by the Houston county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 18. [INTOXICATING LIQUOR LICENSE; TOWN OF SCHROEDER.]

*Subdivision 1.* [AUTHORITY.] *The town board of Schroeder in Cook county may, with the approval of the commissioner of public safety, issue an off-sale intoxicating liquor license to an exclusive liquor store located within the town. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license.*

*Subd. 2.* [EFFECTIVE DATE.] *This section is effective on approval of the Schroeder town board and compliance with Minnesota Statutes, section 645.021, subdivision 2.*

Sec. 19. [ON-SALE LICENSE; ISANTI COUNTY.]

*Subdivision 1.* [AUTHORIZATION.] *The Isanti county board may issue an on-sale intoxicating liquor license to a premises located in Dalbo township and designated as the Dusty Eagle, without regard to whether the licensed premises meets the definition of a "restaurant" in Minnesota Statutes, section 340A.101, subdivision 25. All other provisions in Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license authorized by this section.*

*Subd. 2.* [LOCAL APPROVAL.] *This section is effective on approval by the Isanti county board and compliance with Minnesota Statutes, section 645.021.*

Sec. 20. [REPEALER.]

*Minnesota Statutes 1992, section 340A.903, is repealed.*

Sec. 21. [EFFECTIVE DATE.]

*Sections 3 to 8, 11 to 13, and 20 are effective July 1, 1993. Section 2 is effective the day following final enactment.*"

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903."

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. 882 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. |
| 882 | 712 | | | | |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 882 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 882 and insert the language after the enacting clause of S.F. No. 712, the first engrossment; further, delete the title of H.F. No. 882 and insert the title of S.F. No. 712, the first engrossment.

And when so amended H.F. No. 882 will be identical to S.F. No. 712, and further recommends that H.F. No. 882 be given its second reading and substituted for S.F. No. 712, 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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 443 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. |
| 443 | 607 | | | | |

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 443 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 443 and insert the language after the enacting clause of S.F. No. 607, the first engrossment; further, delete the title of H.F. No. 443 and insert the title of S.F. No. 607, the first engrossment.

And when so amended H.F. No. 443 will be identical to S.F. No. 607, and further recommends that H.F. No. 443 be given its second reading and substituted for S.F. No. 607, 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.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1221, 298, 1199, 544, 636 and 429 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 546, 882 and 443 were read the second time.

## MOTIONS AND RESOLUTIONS

Ms. Reichgott moved that her name be stricken as chief author, shown as a co-author and the name of Mr. Johnson, D.J. be shown as chief author to S.F. No. 510. The motion prevailed.

Mr. Merriam moved that the name of Mr. Knutson be added as a co-author to S.F. No. 1332. The motion prevailed.

Mr. Benson, D.D. moved that the name of Mr. Neuville be added as a co-author to S.F. No. 1450. The motion prevailed.

Mr. Benson, D.D. moved that the name of Mr. Neuville be added as a co-author to S.F. No. 1451. The motion prevailed.

Ms. Piper moved that the name of Mr. Janezich be added as a co-author to S.F. No. 1468. The motion prevailed.

## CALENDAR

H.F. No. 203: A bill for an act relating to occupations and professions; board of medical practice; modifying requirements for licensing United States, Canadian, and foreign medical school graduates; providing for temporary permits; providing for residency permits; adding a requirement for students exempt from penalties for practicing without a license; adding to licensed professionals subject to reporting obligations; indemnifying board members, consultants, and persons employed by the board; adding registration requirements for physical therapists from other states and foreign-trained physical therapists; amending Minnesota Statutes 1992, sections 62A.46, subdivision 7; 147.02, subdivision 1, and by adding a subdivision; 147.03; 147.037, subdivision 1, and by adding a subdivision; 147.09; 147.111, subdivision 4; 147.121, subdivision 2; and 148.71, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 147.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson | Day | Knutson | Morse | Robertson |
| Beckman | Dille | Krentz | Murphy | Runbeck |
| Belanger | Finn | Laidig | Neuville | Sams |
| Benson, D.D. | Flynn | Langseth | Novak | Samuelson |
| Benson, J.E. | Frederickson | Lesewski | Oliver | Solon |
| Berg | Hanson | Lessard | Olson | Spear |
| Berglin | Hottinger | Luther | Pappas | Stevens |
| Bertram | Johnson, D.E. | McGowan | Pariseau | Stumpf |
| Betzold | Johnson, D.J. | Merriam | Piper | Terwilliger |
| Chandler | Johnston | Metzen | Pogemiller | Wiener |
| Chmielewski | Kelly | Moe, R.D. | Price | |
| Cohen | Kiscaden | Mondale | Ranum | |

So the bill passed and its title was agreed to.

H.F. No. 296: A bill for an act relating to financial institutions; credit unions; regulating investments in share certificates; authorizing credit unions to make reverse mortgage loans; regulating credit unions as depositories of various funds; amending Minnesota Statutes 1992, sections 11A.24, subdivision 4; 41B.19, subdivision 6; 47.58, subdivision 1; 50.14, subdivision 13; 52.04, subdivision 1; 80A.14, subdivisions 4 and 9; 116J.8765, subdivision 4; 118.01, subdivision 1; 118.10; 136.31, subdivision 6; 427.01; 446A.11, subdivision 9; 475.67, subdivision 5; and 520.01, 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 38 and nays 22, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson | Cohen | Krentz | Moe, R.D. | Ranum |
| Beckman | Dille | Kroening | Mondale | Samuelson |
| Belanger | Finn | Langseth | Morse | Solon |
| Berglin | Flynn | Lessard | Murphy | Spear |
| Bertram | Hanson | Luther | Novak | Vickerman |
| Betzold | Hottinger | Marty | Pappas | Wiener |
| Chandler | Johnson, D.J. | Merriam | Pogemiller | |
| Chmielewski | Kelly | Metzen | Price | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Benson, D.D. | Johnson, D.E. | Larson | Olson | Stumpf |
| Benson, J.E. | Johnston | Lesewski | Pariseau | Terwilliger |
| Berg | Kiscaden | McGowan | Robertson | |
| Day | Knutson | Neuville | Runbeck | |
| Frederickson | Laidig | Oliver | Stevens | |

So the bill passed and its title was agreed to.

## GENERAL ORDERS

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

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

S.F. Nos. 568, 5, 484 and H.F. No. 233, which the committee recommends to pass.

S.F. No. 33, which the committee recommends to pass after the following motions:

Mr. Pogemiller moved to amend S.F. No. 33 as follows:

Page 7, line 36, after the period, insert "*Subdivision 2, clauses (2) and (3), do not impair the right of any individual or group to engage in speech protected by the federal Constitution, the state Constitution, or federal or state law, including peaceful and lawful handbilling and picketing.*"

The motion prevailed. So the amendment was adopted.

Mr. Neuville moved to amend S.F. No. 33 as follows:

Page 5, line 3, delete everything after "*that*" and insert " *the actor knew or reasonably should have known would cause the victim*"

Page 5, line 4, delete "*under the circumstances*"

Page 6, line 23, delete everything after "*that*" and insert " *the actor knew or reasonably should have known would cause the victim*"

Page 6, line 24, delete "*under the circumstances*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 36, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Adkins | Chmielewski | Johnson, D.E. | Larson | Pariseau |
| Beckman | Day | Johnson, D.J. | Lesewski | Sams |
| Belanger | Dille | Johnston | Lessard | Samuelson |
| Benson, D.D. | Frederickson | Knutson | Neuville | Stevens |
| Benson, J.E. | Hanson | Kroening | Oliver | Terwilliger |
| Bertram | Janezich | Laidig | Olson | Vickerman |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson | Johnson, J.B. | Merriam | Piper | Solon |
| Berglin | Kelly | Metzen | Pogemiller | Spear |
| Betzold | Kiscaden | Moe, R.D. | Price | Stumpf |
| Chandler | Krentz | Mondale | Ranum | Wiener |
| Cohen | Langseth | Morse | Reichgott | |
| Finn | Luther | Murphy | Riveness | |
| Flynn | Marty | Novak | Robertson | |
| Hottinger | McGowan | Pappas | Runbeck | |

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

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

Without objection, the Senate reverted to the Orders of Business of Messages From the House, Reports of Committees and Second Reading of Senate Bills.

## 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. 585, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 585 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 31, 1993

## CONFERENCE COMMITTEE REPORT ON H.F. NO. 585

A bill for an act relating to human rights; prohibiting unfair discriminatory practices on the basis of sexual or affectional orientation; amending Minnesota Statutes 1992, sections 363.01, subdivision 23, and by adding a subdivision; 363.02, subdivisions 1, 2, 4, and by adding a subdivision; 363.03, subdivisions 1, 2, 3, 4, 5, 7, 8, and 8a; 363.05, subdivision 1; 363.11; 363.115; and 363.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 363.

March 30, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 585, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 585 be further amended as follows:

Page 1, line 20, delete "*or affectional*"

Page 1, line 24, delete "OR AFFECTIONAL" and delete "*or*"

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

Page 2, line 3, delete "*or affectional*"

Page 2, line 15, delete "*or affectional*" and delete the third "*or*"

Page 2, line 16, delete "*affectional*"

Page 2, line 21, after "*friends*" insert ", *counselors,*"

Page 2, line 25, delete "*or affectional*"

Page 5, line 15, delete "*or affectional*"

Page 7, line 3, after "*friends*" insert ", *counselors,*"

Page 7, line 7, delete "*or affectional*"

Page 7, line 22, delete "*such*" and insert "*the*"

Page 8, line 11, delete "*or*"

Page 8, line 12, delete "*affectional*"

Page 8, line 25, delete "*or affectional*"

Page 8, line 35, delete "*or*"

Page 8, line 36, delete "*affectional*"

Page 9, line 14, delete "*or affectional*"

Page 10, line 8, delete "*or*"

Page 10, line 9, delete "*affectional*"

Page 10, line 18, delete "*or affectional*"

Page 12, lines 7, 12, and 29, delete "*or affectional*"

Page 13, line 8, delete "*or*"

Page 13, line 9, delete "*affectional*"

Page 13, line 15, delete "*or*"

Page 13, line 16, delete "*affectional*"

Page 13, line 19, delete "*or*"

Page 13, line 20, delete "*affectional*"

Page 13, line 32, delete "*or affectional*"

Page 14, lines 13 and 25, delete "*or affectional*"

Page 15, line 6, delete "*or affectional*"

Page 16, line 6, delete "*or affectional*"

Page 22, line 12, delete "*or affectional*"

Page 25, line 29, delete "*or affectional*"

Page 26, lines 7, 12, and 31, delete "*or affectional*"

Page 27, lines 13 and 35, delete "*or affectional*"

Page 29, line 21, delete "*or affectional*"

Page 30, line 13, delete "*or*"

Page 30, line 14, delete "*affectional*"

Page 30, lines 24 and 35, delete "*or affectional*"

Page 31, line 3, delete "*or*"

Page 31, line 4, delete "*affectional*"

Page 31, lines 6, 10, and 14, delete "*or affectional*"

Amend the title as follows:

Page 1, line 3, delete "or"

Page 1, line 4, delete "affectional"

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

House Conferees: (Signed) Karen Clark, Howard Orenstein, Dave Bishop

Senate Conferees: (Signed) Allan H. Spear, Ember D. Reichgott, William V. Belanger, Jr.

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on H.F. No. 585 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. 585 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 38 and nays 29, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson | Hottinger | Lesewski | Murphy | Riveness |
| Belanger | Janezich | Luther | Novak | Robertson |
| Berglin | Johnson, D.E. | Marty | Pappas | Solon |
| Betzold | Johnson, D.J. | Merriam | Piper | Spear |
| Chandler | Johnson, J.B. | Metzen | Pogemiller | Terwilliger |
| Cohen | Kelly | Moe, R.D. | Price | Wiener |
| Finn | Kiscaden | Mondale | Ranum | |
| Flynn | Krentz | Morse | Reichgott | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Adkins | Chmielewski | Knutson | McGowan | Sams |
| Beckman | Day | Kroening | Neuville | Samuelson |
| Benson, D.D. | Dille | Laidig | Oliver | Stevens |
| Benson, J.E. | Frederickson | Langseth | Olson | Stumpf |
| Berg | Hanson | Larson | Pariseau | Vickerman |
| Bertram | Johnston | Lessard | Runbeck | |

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

## RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby H.F. No. 585 was passed by the Senate on April 1, 1993, be now reconsidered. The motion prevailed.

H.F. No. 585 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 37 and nays 30, as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson | Hottinger | Luther | Novak | Robertson |
| Belanger | Janezich | Marty | Pappas | Solon |
| Berglin | Johnson, D.E. | Merriam | Piper | Spear |
| Betzold | Johnson, D.J. | Metzen | Pogemiller | Terwilliger |
| Chandler | Johnson, J.B. | Moe, R.D. | Price | Wiener |
| Cohen | Kelly | Mondale | Ranum | |
| Finn | Kiscaden | Morse | Reichgott | |
| Flynn | Krentz | Murphy | Riveness | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Adkins | Chmielewski | Knutson | Lessard | Runbeck |
| Beckman | Day | Kroening | McGowan | Sams |
| Benson, D.D. | Dille | Laidig | Neuville | Samuelson |
| Benson, J.E. | Frederickson | Langseth | Oliver | Stevens |
| Berg | Hanson | Larson | Olson | Stumpf |
| Bertram | Johnston | Lesewski | Pariseau | Vickerman |

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

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 861. The motion prevailed.

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1266: A bill for an act relating to agriculture; renaming the commissioner and department of agriculture as the commissioner and department of agriculture, food, and land stewardship; clarifying the commissioner's authority and responsibilities; appropriating money for a study; amending Minnesota Statutes 1992, sections 17.01; and 17.013; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Pages 2 and 3, delete section 5

Amend the title as follows:

Page 1, line 6, delete "appropriating money for a study;"

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 861: A bill for an act relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit; amending Minnesota Statutes 1992, sections 41B.02, by adding a subdivision; and 41B.043.

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

Page 2, line 11, delete "*or participation*"

Page 2, delete line 12 and insert "may exceed $20,000 *or $50,000 for a loan participation* or be made to refinance an existing"

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was referred

S.F. No. 1421: A bill for an act relating to state government; correcting erroneous, ambiguous, obsolete, and omitted text and obsolete references; eliminating redundant, conflicting, and superseded provisions in Minnesota Rules; making technical corrections; correcting Minnesota Rules, parts 1200.0300; 1400.0500; 3530.0200; 3530.0300; 3530.1500; 3530.2614; 3530.2642; 4685.0100; 4685.3000; 4685.3200; 4692.0020; 5000.0400; 6105.0400; 6105.0410; 6105.0510; 6105.0630; 6105.0850; 6105.0870; 6105.1440; 6105.1460; 6105.1670; 7045.0075; 7411.7100; 7411.7400; 7411.7700; 7640.0140; 7856.2020; 7883.0100; 8130.3500; 8130.6500; 8800.1200; 8800.1400; 8800.3100; 8820.0600; 8820.2300; 9050.0040; 9050.0300; 9050.0500; 9050.0520; 9050.1070; 9505.0323; and 9505.2175; repealing Minnesota Rules, parts 1300.0100; 1300.0200; 1300.0300; 1300.0400; 1300.0500; 1300.0600; 1300.0700; 1300.0800; 1300.0900; 1300.0940; 1300.0942; 1300.0944; 1300.0946; 1300.0948; 1300.1000; 1300.1100; 1300.1150; 1300.1200; 1300.1300; 1300.1400; 1300.1500; 1300.1600; 1300.1700; 1300.1800; 1300.1900; 1300.2000; 4685.2600; 4692.0020, subpart 2; 4692.0045; 7856.0100, subpart 5; 8017.5000; 8115.0200; 8115.0300; 8115.0400; 8115.0500; 8115.0600; 8115.1000; 8115.1100; 8115.1200; 8115.1300; 8115.1400; 8115.1500; 8115.1600; 8115.1700; 8115.1800; 8115.1900; 8115.2000; 8115.2100; 8115.2200; 8115.2300; 8115.2400; 8115.2500; 8115.2600; 8115.2700; 8115.2800; 8115.2900; 8115.3000; 8115.4000; 8115.4100; 8115.4200; 8115.4300; 8115.4400; 8115.4500; 8115.4600; 8115.4700; 8115.4800; 8115.4900; 8115.5000; 8115.5100; 8115.5200; 8115.5300; 8115.5400; 8115.5500; 8115.5600; 8115.5700; 8115.5800; 8115.5900; 8115.6000; 8115.6100; 8115.6200; 8115.6300; 8115.6400; 8115.9900; 8120.0800; 8120.1400; 8120.1700; 8120.2800, subpart 1; 8120.5100, subpart 1; 8130.9500, subpart 6; 8130.9912; 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972; 8130.9980; 8130.9992; 8130.9996; 8150.0190; 8150.0200; 8150.0400; 8150.0500; 8150.0600; 8150.0700; 8150.1405; 8150.1410; 8150.1415; 8150.1420; 8150.1425; 8150.1430; 8150.1435; 8150.1440; 8150.1445; 8150.1505; 8150.1510; 8150.1515; 8150.1520; 8150.1525; 8150.1540; 8150.1545; 8150.1600; 8150.1800; 8150.1900; 8150.2000; 8150.2100; 8150.2205; 8150.2210; 8150.2300; and 8150.2400.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 996: A bill for an act relating to weights and measures; correcting name of accountant's organization; amending Minnesota Statutes 1992, section 239.05, subdivision 2c.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was referred

S.F. No. 168: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; consolidating certain funds and accounts and making conforming changes; changing the organization, operation, financing, and management of certain courts and related offices; amending Minnesota Statutes 1992, sections 3.30, subdivision 2; 7.09, subdivision 1; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.223, subdivision 2; 298.28, subdivision 7; and 298.296, subdivision 1; repealing Minnesota Statutes 1992, section 43A.21, subdivision 5.

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

Pages 19 to 26, delete sections 50 to 57

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, delete everything after "offices"

Page 1, delete lines 18 to 21

Page 1, line 22, delete everything before the period

And when so amended the bill be re-referred to the Committee on Metropolitan and Local Government without recommendation. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 35: A bill for an act relating to motor vehicles; exempting certain manufacturers of snowmobile trailers from being required to have a dealer's license to transport the trailers; amending Minnesota Statutes 1992, section 168.27, subdivision 22.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 386: A bill for an act relating to drivers' licenses; raising fee for two-wheeled vehicle endorsement; amending Minnesota Statutes 1992, section 171.06, subdivision 2a.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 560: A bill for an act relating to the hospital construction moratorium, making the moratorium permanent; amending Minnesota Statutes 1992, section 144.551, subdivision 1.

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

Page 1, delete line 9 and insert "(a) Until July 1, ~~1993~~ *1996*, the following construction or"

Amend the title as follows:

Page 1, line 3, delete "making" and insert "extending" and delete "permanent"

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

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was re-referred

S.F. No. 900: A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for voluntary public commitments by health plans and providers to limit the rate of growth in total revenues; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding a subdivision; 62J.15, subdivisions 1 and 2; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 4 and 6; 62L.09, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2 and 5; 136A.1357, subdivisions 1 and 4; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.1484, subdivisions 1 and 2; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9353; 256.9354, subdivisions 1 and 4; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3; 256B.057, subdivision 1; 295.50, subdivisions 3, 4, 7, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivision 1; 295.55, subdivision 4; 295.58; and 295.59; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; 256; and 295;

proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; and Laws 1992, chapter 549, article 9, section 19, subdivision 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

INTEGRATED SERVICE NETWORKS

Section 1. [62N.01] [CITATION AND PURPOSE.]

*Subdivision 1.* [CITATION.] *Sections 62N.01 to 62N.22 may be cited as the "Minnesota integrated service network act."*

*Subd. 2.* [PURPOSE.] *Sections 62N.01 to 62N.22 allow the creation of integrated service networks that will be responsible for arranging for or delivering a full array of health care services, from routine primary and preventive care through acute inpatient hospital care, to a defined population for a fixed price from a purchaser.*

*Each integrated service network is accountable to keep its total revenues within the limit of growth set by the commissioner of health under section 62N.05, subdivision 2, clause (1). Integrated service networks can be formed by health care providers, health maintenance organizations, insurance companies, employers, or other organizations. Competition between integrated service networks on the quality and price of health care services is encouraged.*

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

*Subdivision 1.* [APPLICATION.] *The definitions in this section apply to sections 62N.01 to 62N.22.*

*Subd. 2.* [COMMISSION.] *"Commission" means the health care commission established under section 62J.05.*

*Subd. 3.* [COMMISSIONER.] *"Commissioner" means the commissioner of health or the commissioner's designated representative.*

*Subd. 4.* [ENROLLEE.] *"Enrollee" means an individual, including a member of a group, to whom a network is obligated to provide health services under this chapter.*

*Subd. 5.* [HEALTH CARE PROVIDING ENTITY.] *"Health care providing entity" means a participating entity that provides health care to enrollees through an integrated service network.*

*Subd. 6.* [HEALTH PLAN.] *"Health plan" means a health plan as defined in section 62A.011, subdivision 3, or coverage by an integrated service network.*

*Subd. 7.* [INTEGRATED SERVICE NETWORK.] *"Integrated service network" means a formal arrangement permitted by this chapter for providing health services under this chapter to enrollees for a fixed payment per time period.*

*Subd. 8.* [NETWORK.] *"Network" means an integrated service network as defined in subdivision 7.*

*Subd. 9.* [PARTICIPATING ENTITY.] *"Participating entity" means a health care providing entity, a risk-bearing entity, or an entity providing other services through an integrated service network.*

*Subd. 10.* [PRICE.] *"Price" means the actual amount of money paid, after discounts or other adjustments, by the person or organization paying money to buy health care coverage and health care services. "Price" does not mean the cost or costs incurred by a network or other entity to provide health care services to individuals.*

*Subd. 11.* [RISK-BEARING ENTITY.] *"Risk-bearing entity" means an entity that participates in an integrated service network so as to bear all or part of the risk of loss. "Risk-bearing entity" includes an entity that provides reinsurance, stop-loss, excess-of-loss, and similar coverage.*

Sec. 3. [62N.03] [APPLICABILITY OF OTHER LAW.]

*Chapters 60A, 60B, 60G, 61A, 61B, 62A, 62C, 62D, 62E, 62H, 62L, 62M, and 64B do not, except as expressly provided in this chapter or in those other chapters, apply to integrated service networks, or to entities otherwise subject to those chapters, with respect to participation by those entities in integrated service networks. Chapters 72A and 72C apply to integrated service networks, except as otherwise expressly provided in this chapter.*

*Integrated service networks are in "the business of insurance" for purposes of the federal McCarren-Ferguson Act, United States Code, title 15, section 1012, are "domestic insurance companies" for purposes of the federal Bankruptcy Reform Act of 1978, United States Code, title 11, section 109, and are "insurance" for purposes of the federal Employee Retirement Income Security Act, United States Code, title 29, section 1144.*

Sec. 4. [62N.04] [REGULATION.]

*Integrated service networks are under the supervision of the commissioner, who shall enforce this chapter. The commissioner has, with respect to this chapter, all enforcement and rulemaking powers available to the commissioner under section 62D.17.*

Sec. 5. [62N.05] [RULES GOVERNING INTEGRATED SERVICE NETWORKS.]

*Subdivision 1.* [RULES.] *The commissioner, in consultation with the commission, may adopt emergency and permanent rules to establish more detailed requirements governing integrated service networks in accordance with this chapter.*

*Subd. 2.* [REQUIREMENTS.] *The commissioner shall include in the rules, requirements that will ensure that the annual rate of growth of an integrated service network's aggregate total revenues received from purchasers and enrollees, after adjustments for changes in population size and risk, does not exceed the growth limit established in section 62J.04. The commissioner may include in the rules the following:*

*(1) requirements for licensure, including a fee for initial application and an annual fee for renewal;*

*(2) quality standards;*

*(3) requirements for availability and comprehensiveness of services;*

*(4) limitations on additional health care services beyond those included in the standard set of benefits;*

*(5) requirements regarding the defined population to be served by an integrated service network;*

*(6) requirements for open enrollment;*

*(7) provisions for incentives for networks to accept as enrollees individuals who have high risks for needing health care services and individuals and groups with special needs;*

*(8) prohibitions against disenrolling individuals or groups with high risks or special needs;*

*(9) requirements that an integrated service network provide to its enrollees information on coverage, including any limitations on coverage, deductibles and copayments, optional services available and the price or prices of those services, any restrictions on emergency services and services provided outside of the network's service area, any responsibilities enrollees have, and describing how an enrollee can use the network's enrollee complaint resolution system;*

*(10) requirements for financial solvency and stability;*

*(11) a deposit requirement;*

*(12) financial reporting and examination requirements;*

*(13) limits on copayments and deductibles;*

*(14) mechanisms to prevent and remedy unfair competition;*

*(15) provisions to reduce or eliminate undesirable barriers to the formation of new integrated service networks;*

*(16) requirements for maintenance and reporting of information on costs, prices, revenues, volume of services, and outcomes and quality of services;*

*(17) a provision allowing an integrated service network to set credentialing standards for practitioners employed by or under contract with the network;*

*(18) a requirement that an integrated service network employ or contract with practitioners and other health care providers, and minimum requirements for those contracts if the commissioner deems requirements to be necessary to ensure that each network will be able to control expenditures and revenues or to protect enrollees and potential enrollees;*

*(19) provisions regarding liability for medical malpractice;*

*(20) a method or methods to facilitate and encourage the appropriate provision of services by midlevel practitioners;*

*(21) provisions regarding permissible and impermissible underwriting criteria applicable to the standard set of benefits;*

*(22) a method or methods to assure that all integrated service networks are subject to the same regulatory requirements. All health carriers, including health maintenance organizations, insurers, and nonprofit health service plan corporations shall be regulated under the same rules, to the extent that the*

*health carrier is operating an integrated service network or is a participating entity in an integrated service network;*

*(23) provisions for appropriate risk adjusters or other methods to prevent or compensate for adverse selection of enrollees into or out of an integrated service network; and*

*(24) other provisions that the commissioner, in consultation with the Minnesota health care commission, considers reasonable.*

*Subd. 3.* [CRITERIA FOR RULEMAKING.] *(a)* [APPLICABILITY.] *The commissioner shall adopt rules governing integrated service networks based on the criteria and objectives specified in this subdivision.*

*(b)* [COMPETITION.] *The rules must encourage and facilitate competition through the collection and distribution of reliable information on the cost, prices, and quality of each integrated service network in a manner that allows comparisons between networks.*

*(c)* [FLEXIBILITY.] *The rules must allow significant flexibility in the structure and organization of integrated service networks. The rules must allow and facilitate the formation of networks by providers, employers, and other organizations, in addition to health plans and health maintenance organizations.*

*(d)* [EXPANDING ACCESS AND COVERAGE.] *The rules must be designed to expand access to health care services and coverage for all Minnesotans, including individuals and groups who have preexisting health conditions, who represent a higher risk of requiring treatment, who require translation or other special services to facilitate treatment, who face social or cultural barriers to obtaining health care, or who for other reasons face barriers to access to health care and coverage. Enrollment standards must ensure that high risk and special needs populations will be included and growth limits and payment systems must be designed to provide incentives for networks to enroll even the most challenging and costly groups and populations. The rules must be consistent with the principles of health insurance reform that are reflected in Laws 1992, chapter 549.*

*(e)* [ABILITY TO BEAR FINANCIAL RISK.] *The rules must allow a variety of options for integrated service networks to demonstrate their ability to bear the financial risk of serving their enrollees, to facilitate diversity and innovation and the entry into the market of new networks.*

*(f)* [PARTICIPATION OF PROVIDERS.] *The rules must not require providers to participate in an integrated service network and must allow providers to participate in more than one network and to serve both patients who are covered by an integrated service network and patients who are not. The rules must allow significant flexibility for an integrated service network and providers to define and negotiate the terms and conditions of provider participation. The rules must encourage and facilitate the participation of midlevel practitioners and allied health care practitioners and eliminate inappropriate barriers to their participation.*

*(g)* [RURAL COMMUNITIES.] *The rules must permit a variety of forms of integrated service networks to be developed in rural areas in response to the needs, preferences, and conditions of rural communities.*

*(h)* [LIMITS ON GROWTH.] *The rules must include provisions to enable the commissioner to enforce the limits on growth in health care total revenues for each integrated service network and for the entire system of integrated service networks.*

*(i)* [STANDARD BENEFIT SET.] *The commission shall make recommendations to the commissioner regarding a standard benefit set.*

*(j)* [CONFLICT OF INTEREST.] *The rules shall include provisions the commissioner deems necessary and appropriate to address integrated service networks' and participating providers' relationship to section 62J.23 or other laws relating to provider conflicts of interest.*

Sec. 6. [62N.06] [PERMITTED NETWORK STRUCTURE.]

*Subdivision 1.* [NONPROFIT CORPORATION.] *A corporation organized under chapter 317A may operate one or more integrated service networks. A corporation that operates one or more integrated service networks is governed by chapter 317A, except in the case of a conflict with this chapter, in which case this chapter governs. The corporation shall not engage in activities unrelated to integrated service networks, without the prior written approval of the commissioner. An entity that is not a corporation organized under chapter 317A shall not operate a network but may establish and own a corporation organized under chapter 317A to operate one or more networks.*

*Subd. 2.* [SEPARATE ACCOUNTING REQUIRED.] *A corporation operating more than one integrated service network must maintain separate accounting and record keeping procedures, acceptable to the commissioner, for each integrated service network.*

Sec. 7. [62N.065] [ADMINISTRATIVE COST CONTAINMENT.]

*Subdivision 1.* [UNREASONABLE EXPENSES.] *No integrated service network shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of health shall implement and enforce this section by rules adopted under this section.*

*In an effort to achieve the stated purposes of sections 62N.01 to 62N.23, in order to safeguard the underlying nonprofit status of integrated service networks, and to ensure that the payment of integrated service network money to major participating entities results in a corresponding benefit to the integrated service network and its enrollees, when determining whether an organization has incurred an unreasonable expense in relation to a major participating entity, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the integrated service network have acted with good faith and in the best interests of the integrated service network in entering into, and performing under, a contract under which the integrated service network has incurred an expense. The commissioner has standing to sue, on behalf of an integrated service network, officers or trustees of the integrated service network who have breached their fiduciary duty in entering into and performing such contracts.*

*Subd. 2.* [DATA ON PAYMENTS.] *Integrated service networks shall keep on file in the offices of the integrated service network data on the payments, salaries, and other remuneration paid to for-profit firms, affiliates, or to persons, for administrative expenses, service contracts, and management of*

*the integrated service network and shall make it available to the commissioner.*

*Subd. 3.* [ADMINISTRATIVE COST REDUCTIONS.] *The commissioner shall establish a plan that requires integrated service networks to lower their administrative expenses and costs for each of the five years 1994 to 1998. This plan shall require lower administrative expenses in order to reflect savings experienced by integrated service networks from lowered reporting requirements, lowered underwriting and marketing expenses, and other features of the integrated service network plan.*

*Subd. 4.* [DISAPPROVAL OF CONTRACTS.] *The commissioner shall review all payments, administrative contracts, service contracts, and other agreements to determine the reasonableness of the cost of the contracts or agreements and effect of the contracts or agreements on the price of the integrated service network to enrollees. If the commissioner determines that a contract or agreement is not reasonable, the commissioner shall disapprove the contract or agreement. The commissioner may request any information that is necessary to determine if costs are reasonable.*

*The commissioner shall give reasons for the disapproval in writing to the integrated service network. This notice shall state that a hearing will be granted within 20 days after a request in writing by the integrated service network.*

Sec. 8. [62N.07] [PURPOSE.]

*The legislature finds that previous cost containment efforts have focused on reducing benefits and services, eliminating access to certain provider groups, and otherwise reducing the level of care available. Under a system of overall spending controls, these cost containment approaches will, in the absence of controls on cost shifting, shift costs from the payor to the consumer, to government programs, and to providers in the form of uncompensated care. The legislature further finds that the integrated service network benefit package should be designed to promote coordinated, cost-effective delivery of all health services an enrollee needs without cost shifting. The legislature further finds that affordability of health coverage is a high priority and that lower cost coverage options should be made available through the use of copayments, coinsurance, and deductibles to reduce premium costs rather than through the exclusion of services or providers.*

Sec. 9. [62N.075] [COVERED SERVICES.]

*(a) An integrated service network must provide to each person enrolled a comprehensive set of appropriate and necessary health services. For purposes of this chapter, "appropriate and necessary" means services needed to maintain the enrollee in good health including as a minimum, but not limited to, emergency care, inpatient hospital and physician care, outpatient health services, and preventative health services. The commissioner may modify this definition to reflect changes in community standards, development of practice parameters, new technology assessments, and other medical innovations. These services must be delivered by authorized practitioners acting within their scope of practice. An integrated service network is not responsible for health services that are not appropriate and necessary.*

*(b) A network may define benefit levels through the use of consumer cost*

*sharing but remains financially accountable for costs of the full set of comprehensive health services required.*

*(c) A network may offer any Medicare supplement, Medicare select, or other Medicare-related product otherwise permitted for any type of health plan in this state. Each Medicare-related product may be offered only in full compliance with the requirements in chapters 62A, 62D, and 62E that apply to that category of product.*

*(d) Networks must comply with all continuation and conversion of coverage requirements applicable to health maintenance organizations under state or federal law.*

*(e) Networks must comply with sections 62A.047, 62A.27, and any other coverage of newborn infants, dependent children who do not reside with a covered person, handicapped children and dependents, and adopted children. A network providing dependent coverage must comply with section 62A.302.*

*(f) Networks must comply with the equal access requirements of section 62A.15, subdivision 2.*

Sec. 10. [62N.08] [AVAILABILITY OF SERVICES.]

*(a) An integrated service network is financially responsible to provide to each person enrolled all comprehensive health services required by statute, by the contract of coverage, or otherwise required under section 62N.07.*

*(b) The commissioner shall require that networks provide all appropriate and necessary health services within a reasonable geographic distance for enrollees. The commissioner may adopt rules providing a more detailed requirement, consistent with this paragraph.*

Sec. 11. [62N.085] [ESTABLISHMENT OF STANDARDIZED BENEFIT PLANS.]

*The commissioner of health shall adopt emergency and permanent rules to establish not more than five standardized benefit plans which must be offered by integrated service networks. The plans must comply with the requirements of sections 62N.07 to 62N.08 and the other requirements of this chapter. The plans must encompass a range of cost sharing options from (1) lower premium costs combined with higher enrollee cost sharing, to (2) higher premium costs combined with lower enrollee cost sharing.*

Sec. 12. [62N.086] [ADDITIONAL BENEFIT OPTIONS.]

*The commissioner of health shall adopt emergency and permanent rules to establish not more than three standardized benefit riders which may be offered by integrated service networks. An integrated service network may not provide benefit options other than the standard benefit package and one or more of the standardized riders.*

Sec. 13. [62N.087] [COST SHARING.]

*(a) A network may define benefit levels through the use of consumer cost sharing. For the purposes of this chapter, "consumer cost sharing" means copayments, deductibles, coinsurance, and other out-of-pocket expenses paid by the individual consumer of health care services.*

*(b) The following principles apply to cost sharing in an integrated service network:*

*(1) consumers must have a voice in decisions regarding cost sharing, and the process for establishing consumer cost sharing should have consumer representation and input;*

*(2) consumer cost sharing must be administratively feasible and consistent with efforts to reduce the overall administrative burden of the health care system;*

*(3) cost sharing must be based on income and an enrollee's ability to pay for services and should not create a barrier to access to appropriate and effective services;*

*(4) cost sharing must be capped at a predetermined annual limit to protect individuals and families from financial catastrophe and to protect individuals with substantial health care needs;*

*(5) child health supervision services, immunizations, prenatal care, and other prevention services must not be subjected to cost sharing; and*

*(6) additional requirements for networks should be established to assist enrollees for whom an inducement in addition to the elimination of cost sharing is necessary in order to encourage them to use cost-effective preventive services. These requirements may include the provision of educational information, assistance or guidance, and opportunities for responsible decision making by enrollees that minimize potential out-of-pocket costs.*

Sec. 14. [62N.10] [LICENSING.]

*Subdivision 1.* [REQUIREMENTS.] *All integrated service networks must be licensed by the commissioner. Licensure requirements are:*

*(1) the ability to be responsible for the full continuum of required health care and related costs for the defined population that the integrated service network will serve;*

*(2) the ability to satisfy standards for quality of care;*

*(3) financial solvency; and*

*(4) the ability to fully comply with this chapter and all other applicable law.*

*The commissioner may adopt rules to specify licensure requirements for integrated service networks in greater detail, consistent with this subdivision.*

*Subd. 2.* [FEES.] *Licensees shall pay an initial fee of $..... and a renewal fee of $..... each following year to the commissioner of health.*

*Subd. 3.* [LOSS OF LICENSE.] *The commissioner may fine a licensee or suspend or revoke a license for violations of rules or statutes pertaining to integrated service networks.*

*Subd. 4.* [PARTICIPATION; GOVERNMENT PROGRAMS.] *Integrated service networks shall, as a condition of licensure, participate in the medical assistance, general assistance medical care, and MinnesotaCare programs. The commissioner shall adopt rules specifying the participation required of the networks. The rules must be consistent with Minnesota Rules, parts 9505.5200 to 9505.5260, governing participation by health maintenance organizations in public health care programs.*

*Subd. 5.* [APPLICATION.] *Each application for an integrated service*

*network license must be in a form prescribed by the commissioner. Each application must include the following:*

*(1) a copy of the basic organizational document, if any, of the applicant and, at the request of the commissioner, of each participating entity, the articles of incorporation, or other applicable documents, and all amendments;*

*(2) a copy of the bylaws, rules and regulations, or similar document, if any, and all amendments which regulate the conduct of the affairs of the applicant, and of any participating entity, at the request of the commissioner;*

*(3) a list of the names, addresses, and official positions of the following:*

*(i) all members of the board of directors, or governing body of the local government unit, and the principal officers and shareholders of the applicant organization; and*

*(ii) at the request of the commissioner, all members of the board of directors, or governing body of the local government unit, and the principal officers of any participating entity and each shareholder beneficially owning more than ten percent of any voting stock of the participating entity;*

*(4) the name and address of each participating entity and the agreed upon duration of each contract or agreement;*

*(5) a copy of the form of each contract binding any or all of the participating entities and the integrated service network;*

*(6) at the request of the commissioner, a copy of each contract binding any or all of the participating entities and the network. Contract information filed with the commissioner is private and subject to section 13.37, subdivision 1, paragraph (b), at the request of the network;*

*(7) a statement generally describing the applicant and the network, its network contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide enrollees with the required network services and any additional services;*

*(8) a copy of the form of each evidence of coverage to be issued to the enrollees;*

*(9) a copy of the form of each individual or group contract which is to be issued to enrollees or their representatives;*

*(10) financial statements showing the applicant's assets, liabilities, and sources of financial support. If the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent certified financial statement may be deemed to satisfy this requirement;*

*(11) a financial plan that includes a three-year projection of the expenses and income and other sources of future capital;*

*(12) a statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served;*

*(13) a description of the complaint procedures to be used as required;*

*(14) a copy of any agreement between the network and an insurer or nonprofit health service plan corporation regarding reinsurance, stop-loss or*

*excess-of-loss coverage, insolvency coverage, or any other type of coverage for potential costs of health services;*

*(15) a statement indicating how the network will meet its potential tort liabilities, for medical malpractice and other sources of liability, together with copies of any related insurance policies and liability-related agreements with its participating entities;*

*(16) a copy of the conflict of interest policy which applies to all members of the board of directors and the principal officers of the network;*

*(17) a copy of the statement that describes the network's prior authorization, referral, second opinion, and utilization review procedures; and*

*(18) other information that the commissioner of health may reasonably require to be provided.*

*Subd. 6.* [DOCUMENTS ON FILE.] *A network shall agree to retain in its files any documents specified by the commissioner. A network shall permit the commissioner to examine those documents at any time and shall promptly provide copies of any of them to the commissioner upon request.*

Sec. 15. [62N.11] [EVIDENCE OF COVERAGE.]

*Subdivision 1.* [APPLICABILITY.] *Every integrated service network enrollee residing in this state is entitled to evidence of coverage or contract. The integrated service network or its designated representative shall issue the evidence of coverage or contract. "Evidence of coverage" means evidence that an enrollee is covered by a group contract issued to the group.*

*Subd. 2.* [FILING.] *No evidence of coverage or contract or amendment of coverage or contract shall be issued or delivered to any individual in this state until a copy of the form of the evidence of coverage or contract or amendment of coverage or contract has been filed with and approved by the commissioner.*

*Subd. 3.* [CONTENTS.] *Contracts and evidences of coverage must contain:*

*(a) no provision or statement that is unjust, unfair, inequitable, misleading, deceptive, or untrue; and*

*(b) a clear, concise, and complete statement of:*

*(1) the services or other benefits to which the enrollee is entitled under the integrated service network contract;*

*(2) any exclusions or limitations on the services, kind of services, benefits, or kind of benefits to be provided, including any deductible or copayment feature and requirements for referrals, prior authorizations, utilization review, and second opinions;*

*(3) where and in what manner information is available about how services, including emergency and out-of-area services, may be obtained;*

*(4) the total amount of payment and copayment, if any, for health care services and for the indemnity or service benefits, if any, that the enrollee is obligated to pay with respect to individual contracts; and*

*(5) a description of the network's method for resolving enrollee complaints and a statement identifying the department of health as the regulatory agency with whom grievances may be registered.*

*Subd. 4.* [GRACE PERIOD.] *A grace period of 31 days must be granted for payment of each premium for an individual integrated service network contract falling due after the first premium, during which period the contract continues in force. Individual network contracts must clearly state the existence of the grace period.*

*Subd. 5.* [CANCELLATION OF CONTRACT.] *Individual integrated service network contracts must state that the individual may cancel the contract within ten days of its receipt and have the premium paid refunded if, after examination of the contract, the individual is not satisfied with it for any reason. The individual must be required to pay the network for any services rendered or claims paid by the network during the ten days.*

*Subd. 6.* [TERMINATION.] *The contract and evidence of coverage must clearly explain the conditions under which an integrated service network may terminate coverage.*

*Subd. 7.* [CONTINUATION AND CONVERSION.] *The contract and evidence of coverage must clearly explain continuation and conversion rights afforded to enrollees.*

*Subd. 8.* [NOTICE.] *Individual and group contract holders must be given 30 days' written notice of any change in enrollee copayments or benefits.*

*Subd. 9.* [DELIVERY OF CONTRACT.] *Individual integrated service network contracts must be delivered to enrollees no later than the date coverage is effective. For enrollees with group contracts, an evidence of coverage must be delivered or issued for delivery not more than 15 days from the date the integrated service network is notified of the enrollment or the effective date of coverage, whichever is later.*

*Subd. 10.* [COMPLAINTS.] *An individual integrated service network contract and an evidence of coverage must contain a department of health telephone number that the enrollee can call to register a complaint about the network.*

Sec. 16. [62N.12] [ENROLLEE RIGHTS.]

*The cover page of the evidence of coverage and contract must contain a clear and complete statement of an enrollee's rights as a consumer. The statement must be in bold print and captioned "Important Consumer Information and Enrollee Bill of Rights" and must include but need not be limited to the following provisions in the following language or in substantially similar language approved in advance by the commissioner:*

*"CONSUMER INFORMATION*

*(1) COVERED SERVICES: Services provided by (name of integrated service network) will be covered only if services are provided by participating (name of integrated service network) providers or authorized by (name of integrated service network). Your contract fully defines what services are covered and describes procedures you must follow to obtain coverage.*

*(2) PROVIDERS: Enrolling in (name of integrated service network) does not guarantee services by a particular provider on the list of providers. When a provider is no longer part of (name of integrated service network), you must choose among remaining (name of integrated service network) providers.*

*(3) REFERRALS: Certain services are covered only upon referral. See section (section number) of your contract for referral requirements. All referrals to non-(name of integrated service network) providers and certain types of health care providers must be authorized by (name of integrated service network).*

*(4) EMERGENCY SERVICES: Emergency services from providers who are not affiliated with (name of integrated service network) will be covered only if proper procedures are followed. Your contract explains the procedures and benefits associated with emergency care from (name of integrated service network) and non-(name of integrated service network) providers.*

*(5) EXCLUSIONS: Certain services or medical supplies are not covered. You should read the contract for a detailed explanation of all exclusions.*

*(6) CONTINUATION: You may convert to an individual integrated service network contract or continue coverage under certain circumstances. These continuation and conversion rights are explained fully in your contract.*

*(7) CANCELLATION: Your coverage may be canceled by you or (name of integrated service network) only under certain conditions. Your contract describes all reasons for cancellation of coverage.*

*ENROLLEE BILL OF RIGHTS*

*(1) An enrollee has the right to available and accessible services including emergency services, as defined in your contract, 24 hours a day and seven days a week.*

*(2) An enrollee has the right to be informed of health problems, and to receive information regarding treatment alternatives and risks that is sufficient to assure informed choice.*

*(3) An enrollee has the right to refuse treatment, and the right to privacy of medical and financial records maintained by the integrated service network and its health care providers, in accordance with existing law.*

*(4) An enrollee has the right to file a grievance with the integrated service network and the commissioner of health and the right to initiate a legal proceeding when experiencing a problem with the integrated service network or its health care providers.*

*(5) An enrollee has the right to a grace period of 31 days for the payment of each premium for an individual integrated service network contract falling due after the first premium during which period the contract shall continue in force.*

*(6) A Medicare enrollee has the right to voluntarily disenroll from the integrated service network and the right not to be requested or encouraged to disenroll except in circumstances specified in federal law.*

*(7) A Medicare enrollee has the right to a clear description of nursing home and home care benefits covered by the integrated service network."*

Sec. 17. [62N.13] [ENROLLEE COMPLAINT SYSTEM.]

*Subdivision 1.* [SCOPE.] *Every integrated service network must establish and maintain an enrollee complaint system, including an impartial arbitration provision, to provide reasonable procedures for the resolution of written*

*complaints initiated by enrollees concerning the provision of health care services. "Provision of health care services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. Arbitration is subject to chapter 572, except:*

*(1) if an enrollee elects to litigate a complaint prior to submission to arbitration; and*

*(2) no medical malpractice damage claim is subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim.*

*Subd. 2.* [COMMISSIONER REVIEW.] *If a complaint involves a dispute about an integrated service network's coverage of a service, the commissioner may review the complaint and any information and testimony necessary to make a determination and order the appropriate remedy pursuant to this chapter. If the commissioner obtains or maintains information on written complaints, the information is private data on individuals under chapter 13.*

*Subd. 3.* [EXPEDITED RESOLUTION OF COMPLAINTS ABOUT URGENTLY NEEDED SERVICE.] *In addition to any remedy contained in subdivision 2, if a complaint involves a dispute about an integrated service network's coverage of an immediately and urgently needed service, the commissioner may also order the integrated service network to use an expedited system to process the complaint.*

*Subd. 4.* [RECORDS.] *The integrated service network shall maintain a record of each written complaint filed with it for five years, and the commissioner of health shall have access to the records.*

*Subd. 5.* [DENIAL OF SERVICE.] *Within a reasonable time after receiving an enrollee's written or oral communication to the integrated service network concerning a refusal of service or inadequacy of services, the integrated service network shall provide the enrollee with a written statement of the reason for the refusal of service, and a statement approved by the commissioner of health that explains the integrated service network complaint procedures, and in the case of Medicare enrollees, that also explains Medicare appeal procedures.*

*Subd. 6.* [COVERAGE OF SERVICE.] *An integrated service network may not deny or limit coverage of a service that the enrollee has already received solely on the basis of a lack of prior authorization or second opinion, to the extent that the service would otherwise have been covered under the member's contract by the integrated service network had a prior authorization or second opinion been obtained.*

Sec. 18. [62N.14] [MEDICAL MALPRACTICE LIABILITY.]

*Subdivision 1.* [MEDICAL MALPRACTICE LIABILITY BETWEEN INTEGRATED SERVICE NETWORK ENTITIES.] *An entity operating an integrated service network is liable for medical malpractice committed by its employees and is not liable for the malpractice of its other health care providing entities. Each health care providing entity is liable for its own medical malpractice and is not liable for the medical malpractice of other health care providing entities or for negligent supervision of other health care providing entities. Participating entities are not jointly and severally liable for torts committed by the network or by participating providers. A network and its participating entities may by contract reallocate between themselves the risk of malpractice liability through indemnity, contribution, joint insurance,*

*or otherwise, provided that the reallocation does not affect the rights of enrollees.*

*Subd. 2.* [MEDICAL MALPRACTICE CASES.] *(a) In an action against a provider for malpractice, error, mistake, or failure to cure, whether based in contract or tort, adherence to a pertinent practice parameter approved by the commissioner of health is an absolute defense against an allegation that the provider did not comply with accepted standards of practice in the community.*

*(b) Evidence of a departure from a practice parameter is not admissible unless the provider is claiming the absolute defense under paragraph (a).*

*(c) Paragraphs (a) and (b) apply to claims arising on or after August 1, 1993, or 90 days after the date the commissioner approves the applicable practice parameter, whichever is later.*

*(d) Nothing in this section changes the plaintiff's burden of proof in a civil action against a provider or creates a new basis upon which to establish liability against a provider.*

Sec. 19. [62N.15] [MARKETING.]

*Subdivision 1.* [PERMITTED PURCHASERS.] *An integrated service network may contract to provide health services to:*

*(1) individuals, including dependents;*

*(2) groups of individuals, including employees of a private or public employer and individual members of an association, and their dependents;*

*(3) associations or other groups comprised of groups, including associations of employers;*

*(4) the public employees insurance plan and the private employers insurance program established under chapter 43A;*

*(5) any state or federal health program, including medical assistance, Medicare, MinnesotaCare, or general assistance medical care; and*

*(6) the comprehensive health association established in section 62E.10.*

*Integrated service networks are subject to section 62A.303 with respect to all enrolled groups, whether or not they are employer-based groups.*

*Subd. 2.* [MARKETING CONDUITS.] *An integrated service network may offer or sell its services through any person or method permitted to sell health coverage under chapter 60A, 60K, 62C, 62D, or 62L. Persons regulated under those chapters with respect to sales of coverage are subject to the supervision of the commissioner of commerce with respect to marketing of network coverage. The commissioner of health may adopt rules permitting the marketing of network coverage through other means.*

Sec. 20. [62N.16] [UNDERWRITING AND RATING.]

*Subdivision 1.* [APPLICABILITY.] *Except as provided in subdivision 3, this section applies to the standard benefit plan under section 62N.07 and does not apply to supplemental coverage described in section 62N.10. This section does not require coverage by an integrated service network of any group or individual residing outside of the network's service area. A network's service area includes a geographic and service region agreed to by the*

*commissioner and the network at the time of licensure. This section does not apply to any group that the commissioner determines is organized or functions primarily to provide coverage to one or more high risk individuals. The commissioner may adopt rules specifying other types of groups to which this section does not apply.*

*Subd. 2.* [GROUP MEMBERS.] *Integrated service networks shall charge the same rate for each individual in a group, except as appropriate to provide dependent or family coverage.*

*Subd. 3.* [SMALL EMPLOYERS.] *To provide services to employees of a small employer as defined in section 62L.02, integrated service networks shall comply with chapter 62L.*

Sec. 21. [62N.17] [RELATIONSHIP; NETWORKS; COMPREHENSIVE HEALTH ASSOCIATION.]

*A corporation operating an integrated service network is and must remain a contributing member of the comprehensive health association established under section 62E.10. Participating entities that are members of that association are assessable by the association on revenues derived from or through networks. Participating entities may claim a credit against assessment liability for assessments paid by the network with respect to the same premiums.*

Sec. 22. [62N.18] [INSOLVENCY.]

*Subdivision 1.* [EFFECTS ON ENROLLEES.] *Corporations that operate an integrated service network are not members of the life and health insurance guaranty association under chapter 61B. When a corporation operating a network becomes insolvent, its enrollees have the right to receive the same alternative coverage provided by the comprehensive health association under section 62D.181 to enrollees in insolvent health maintenance organizations.*

*Subd. 2.* [NOTICE TO ENROLLEES.] *Prospective enrollees in an integrated service network must be given, prior to their commitment to enroll, a written notice on a form approved by the commissioner describing the effects of, and their rights in the event of, an insolvency of the corporation operating the network.*

Sec. 23. [62N.19] [LIQUIDATION, REHABILITATION, AND CONSERVATION PROCEEDINGS.]

*The liquidation, rehabilitation, and conservation provisions of section 62D.18 and chapter 60B apply to an integrated service network.*

Sec. 24. [62N.20] [RISK-BEARING ENTITIES.]

*An entity operating an integrated service network may retain the risk of providing coverage or may transfer all or any part of the risk through purchase of reinsurance, including but not limited to stop-loss or excess-of-loss coverage, from an assuming insurer that qualifies under section 60A.092, a nonprofit health service plan corporation operating under chapter 62C, a health maintenance organization operating under chapter 62D, or another entity if first approved by the commissioner.*

Sec. 25. [62N.21] [INSOLVENCY PREVENTION.]

*Subdivision 1.* [DEFINITIONS.] *(a) The definitions provided in this subdivision apply to this section.*

*(b) "Admitted assets" means admitted assets as defined in section 62D.044.*

*(c) "Net worth" means net worth as defined in section 62D.02, subdivision 15.*

*(d) "Working capital" means current assets minus current liabilities.*

*(e) "Guaranteeing organization" means an organization that has agreed to make necessary contributions or advancements to an integrated service network to maintain the network's required net worth.*

*Subd. 2.* [NET WORTH REQUIREMENT.] *Except as permitted by subdivision 4, every entity operating an integrated service network must maintain a minimum net worth equal to the greater of:*

*(1) $1,000,000; or*

*(2) an amount equal to 8-1/3 percent of the sum of all expenses expected to be incurred in the network's first 12 months of operation, or, for an existing network, 8-1/3 percent of the sum of all expenses incurred in the most recent calendar year.*

*Subd. 3.* [PHASE-IN PROVISION.] *A network satisfies subdivision 2 if the network meets the following phase-in schedule:*

*(1) 25 percent of the amount required by subdivision 2 as of the date that the network begins providing services;*

*(2) 50 percent of the amount required by subdivision 2 as of the end of the network's first year of providing services, except that if that date is not December 31, the network need not comply until the next December 31;*

*(3) 75 percent of the amount required by subdivision 2 as of the December 31 immediately following the December 31 deadline provided in clause (2);*

*(4) 100 percent of the amount required by subdivision 2 as of the December 31 immediately following the December 31 deadline provided in clause (3).*

*Subd. 4.* [ALTERNATIVE SOLVENCY REQUIREMENT.] *As an alternative to the net worth requirement under subdivision 2, the commissioner may permit an integrated service network to prove its financial solvency and stability by a means that does not satisfy that subdivision but that:*

*(1) is at least as protective of the welfare of the network's enrollees; and*

*(2) does not provide the network with an unfair advantage over competing networks.*

*In administering this subdivision, the commissioner may adopt emergency and permanent rules.*

*Subd. 5.* [WORKING CAPITAL.] *An integrated service network must maintain a positive working capital. If the network fails to meet this requirement, the commissioner and the network shall comply with section 62D.042, subdivision 7.*

*Subd. 6.* [INVESTMENT OF NETWORK ASSETS.] *An integrated service network shall invest its assets only in compliance with section 62D.045.*

*Subd. 7.* [CREDIT FOR REINSURANCE.] *An integrated service network may credit against its liabilities 90 percent of the premiums that it pays for reinsurance that complies with section 62N.20.*

*Subd. 8.* [GUARANTEEING ORGANIZATION.] *With the written approval of the commissioner, an integrated service network may satisfy the net worth requirement by arranging for a guaranteeing organization to assume the network's obligation to maintain the required net worth. A guaranteeing organization for a network shall comply with section 62D.043. A guaranteeing organization that is a health care provider may pledge real estate to satisfy its obligation, provided that the pledge is secured by a real estate mortgage recorded in the office of the county recorder or filed in the office of the county registrar of titles. The network shall provide a title opinion or title insurance policy and an appraisal at the request of the commissioner or as otherwise required by rule.*

*Subd. 9.* [DEPOSIT REQUIREMENT.] *(a) An integrated service network shall maintain at all times on deposit with the commissioner $300,000 worth of cash, securities, or any combination of cash and securities. Securities must be United States Treasury obligations, unless otherwise permitted by the commissioner. The network may withdraw interest accrued on the deposit on a quarterly basis or as otherwise approved by the commissioner. With the approval of the commissioner, the deposit may be held by a third party independent trustee in a custodial or controlled account. A deposit is an admitted asset and counts toward the network's required net worth. A network may follow a phase-in schedule to comply with this paragraph as follows:*

*(1) $150,000 as of the date that the network begins operations; and*

*(2) $300,000 as of one year later.*

*(b) In lieu of the amount required under paragraph (a), the rules adopted under section 62N.05 may provide a deposit requirement specified on a per enrollee basis and eligible for a phase-in schedule no more lenient than that provided in paragraph (a).*

*Subd. 10.* [USE OF DEPOSIT.] *If the integrated service network is placed under an order of rehabilitation or conservation, the commissioner shall use the deposit to protect the interests of the enrollees and assure continuation of health care services to enrollees. If the network is placed under an order of liquidation, the deposit is an asset subject to chapter 60B, except that the commissioner has a lien on the deposit to reimburse the commissioner for administrative costs directly attributable to the insolvency.*

*Subd. 11.* [FINANCIAL REPORTING.] *An integrated service network shall submit financial reports to the commissioner as required by section 62D.08, or as the commissioner otherwise requires by rule.*

*Subd. 12.* [FINANCIAL EXAMINATIONS.] *An integrated service network and its participating entities and guaranteeing organizations are subject to examination by the commissioner under section 62D.14, or as the commissioner otherwise requires by rule.*

Sec. 26. [62N.22] [RELATIONSHIPS WITH PROVIDERS.]

*Subdivision 1.* [CONTRACTS.] *An integrated service network's relationship with health care providers must be by contract, except in the case of covered out-of-network services. Any reimbursement method not prohibited by the commissioner is allowable, including fee-for-service, salary, and capitation. A copy of each contract between an integrated service network and any or all of its providers must be kept on file by the network and made available to the commissioner upon request. The contract must provide that if the network fails to pay the provider for services provided, the enrollee is not liable to the provider for payment. The contract may permit providers to receive payment from an enrollee for services not covered by the enrollee's network contract, but only based upon a written agreement between the provider and the enrollee after the network has provided written notice that the network has denied coverage for the service.*

*Subd. 2.* [SERVICES.] *Providers may contract with an integrated service network to provide all or a portion of the services that an integrated service network must provide. Providers may choose not to participate in an integrated service network, may participate in more than one integrated service network, or may simultaneously serve both integrated service network enrollees and regulated all-payor system patients.*

*Subd. 3.* [RETALIATORY ACTION PROHIBITED.] *No integrated service network may take retaliatory action against a provider solely on the grounds that the provider disseminated accurate information regarding coverage of benefits or accurate benefit limitations of an enrollee's contract or accurate interpreted provisions of the provider agreement that limit the prescribing, providing, or ordering of care.*

Sec. 27. [62N.23] [TECHNICAL ASSISTANCE.]

*(a) The commissioner shall provide technical assistance to parties interested in establishing or operating an integrated service network. This shall be known as the integrated service network technical assistance program (ISNTAP).*

*The technical assistance program shall offer seminars on the establishment and operation of integrated service networks in all regions of Minnesota. The commissioner shall advertise these seminars in local and regional newspapers, and attendance at these seminars shall be free.*

*The commissioner shall write a guide to establishing and operating an integrated service network. The guide must provide basic instructions for parties wishing to establish an integrated service network. The guide must be provided free of charge to interested parties. The commissioner shall update this guide when appropriate.*

*The commissioner shall establish a toll-free telephone line that interested parties may call to obtain assistance in establishing or operating an integrated service network.*

*(b) The commissioner shall grant loans for organizational and start-up expenses to entities forming integrated service networks or to networks less than one year old, to the extent of any appropriation for that purpose. The commissioner shall allocate the available funds among applicants based upon the following criteria, as evaluated by the commissioner within the commissioner's discretion:*

*(1) the applicant's need for the loan;*

*(2) the likelihood that the loan will foster the formation or growth of a network; and*

*(3) the likelihood of repayment.*

*The commissioner shall determine any necessary application deadlines and forms and is exempt from rulemaking in doing so.*

Sec. 28. Minnesota Statutes 1992, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION; *INTEGRATED SERVICE NETWORK* SURCHARGE.] Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D *and each integrated service network licensed by the commissioner under sections 62N.01 to 62N.22* shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization *or integrated service network* as reported to the commissioner of health according to the schedule in subdivision 4.

Sec. 29. [BORDER COMMUNITIES.]

*The commissioner of health shall monitor the effects of integrated service networks and the regulated all-payor system in communities in which a substantial proportion of health care services provided to Minnesota residents are provided in states bordering Minnesota and may amend the rules adopted under article 1 or 2 to minimize effects that inhibit Minnesota residents' ability to obtain access to quality health care. The commissioner shall report to the Minnesota health care commission and the legislature any effects that the commissioner intends to address by amendments to the rules adopted under article 1 or 2.*

Sec. 30. [ASSOCIATIONS STUDY.]

*The health care commission shall study the role of associations in purchasing health care. The health care commission shall determine the role that associations should play in allowing purchasers to cooperate in purchasing health care. The health care commission shall determine the role associations may play in the small group and integrated service network markets. The health care commission shall report to the legislature by January 15, 1994.*

Sec. 31. [EFFECTIVE DATE.]

*Sections 1 to 30 are effective the day following final enactment.*

## ARTICLE 2

## REGULATED ALL-PAYOR SYSTEM GOVERNING SERVICES NOT PROVIDED THROUGH INTEGRATED SERVICE NETWORKS

Section 1. [62O.01] [REGULATED ALL-PAYOR SYSTEM.]

*The regulated all-payor system established under this chapter governs all health care services that are provided outside of an integrated service*

*network. The regulated all-payor system is designed to control costs, prices, and utilization of all health care services not provided through an integrated service network while maintaining or improving the quality of services. The commissioner of health shall adopt rules establishing controls within the system to ensure that the rate of growth in spending in the system, after adjustments for population size and risk, remains within the limits set by the commissioner under section 62J.04. All providers that serve Minnesota residents and all health plans that cover Minnesota residents shall comply with the requirements and rules established under this chapter for all health care services or coverage provided to Minnesota residents.*

Sec. 2. [62O.03] [IMPLEMENTATION.]

*(a) By January 1, 1994, the commissioner of health, in consultation with the Minnesota health care commission, shall report to the legislature recommendations for the design and implementation of the all-payor system. The commissioner may use a consultant or other technical assistance to develop a design for the all-payor system. The commissioner's recommendations shall include the following:*

*(1) methods for controlling payments to providers such as uniform fee schedules or rate limits to be applied to all health plans and health care providers with independent billing rights;*

*(2) methods for controlling utilization of services such as the application of standardized utilization review criteria, recovery of excess spending due to overutilization, or required use of practice parameters;*

*(3) methods for monitoring quality of care and mechanisms to enforce the quality of care standards;*

*(4) requirements for maintaining and reporting data on costs, prices, revenues, expenditures, utilization, quality of services, and outcomes;*

*(5) measures to prevent or discourage adverse risk selection between the regulated all-payor system and integrated service networks;*

*(6) measures to coordinate the regulated all-payor system with integrated service networks to minimize or eliminate barriers to access to health care services that might otherwise result;*

*(7) an appeals process;*

*(8) measures to encourage and facilitate appropriate use of midlevel practitioners and eliminate undesirable barriers to their participation in providing services;*

*(9) measures to assure appropriate use of technology and to manage introduction of new technology;*

*(10) consequences to be imposed on providers whose expenditures have exceeded the limits established by the commissioner; and*

*(11) restrictions on provider conflicts of interest.*

*(b) On July 1, 1994, the regulated all-payor system shall begin to be phased in with full implementation by July 1, 1996. During the transition period, all premium rates and provider fees shall be set in accordance with sections 3 and 4.*

Sec. 3. [62O.04] [PROVIDER PRICE RESTRAINTS.]

*Subdivision 1.* [RESTRAINT.] *No health care provider, as defined in section 62J.03, subdivision 8, shall on or after March 3, 1993, increase the price or other charge that it charges for any health care service provided to a Minnesota resident except as permitted under this section. This section does not apply to health care services provided through integrated service networks.*

*Subd. 2.* [CERTAIN INCREASES PERMITTED.] *(a) On and after January 1, 1994, a health care provider as defined in section 62J.03, subdivision 8, may increase any price or other charge by no more than a percentage determined by adding five percentage points to the percentage change in the regional consumer price index for urban consumers for the most recent 12-month period for which that index is available as of November 1, 1993. The commissioner of health shall determine, announce, and publish in the State Register, no later than December 1, 1993, the percentage increase permitted under this paragraph. To determine the amount of the maximum permitted increase in a price or charge, the percentage determined under this paragraph is applied to the price or charge used as of January 1, 1993.*

*(b) On or after January 1, 1995, an increase in a price or charge is permitted in addition to the increase permitted under paragraph (a). The permitted maximum increase is determined as under paragraph (a), except that the percentage is multiplied by .9 and is applied to the price or charge used as of January 1, 1994.*

Sec. 4. [62O.05] [HEALTH CARRIER PRICE RESTRAINTS.]

*Subdivision 1.* [RESTRAINT.] *No health carrier, as defined in section 62A.011, shall increase the premiums, subscriber charges, enrollee fees, or similar charges for its health plans on or after March 3, 1993, so as to increase its total revenues per Minnesota resident covered by its health plans, except as permitted under this section. This subdivision does not prohibit an increase in the charge for a particular health plan, so long as the health carrier's aggregate revenues per covered Minnesota resident for all of its health plans do not increase. This section does not apply to integrated service networks or to filings for rate increases or adjustments submitted to the commissioner of commerce or health prior to March 3, 1993.*

*Subd. 2.* [CERTAIN INCREASES PERMITTED.] *A health carrier may increase its charges on and after January 1, 1994, and on and after January 1, 1995, so as to increase its revenues per covered Minnesota resident, to the extent permitted under subdivision 4.*

*Subd. 3.* [ENFORCEMENT.] *The commissioners of health and commerce shall enforce this section with respect to the health carriers that each commissioner respectively regulates. Each commissioner has under this section all enforcement and rulemaking authority that the commissioner otherwise has with respect to the health carrier.*

*Subd. 4.* [CERTAIN INCREASES PERMITTED.] *Any increased charges under subdivision 2 must be approved in advance by the relevant commissioner under subdivision 3. The relevant commissioner shall disapprove any requested increase in revenues per covered person, unless the health carrier provides actuarial analysis establishing, to the satisfaction of the commissioner, that the health carrier is fully passing on to its customers the health*

*care provider price restraints provided under section 3. An increase in revenues permitted under subdivision 2 and this subdivision must not exceed the percentages provided under section 3 for health care providers. The commissioner may consider and take into account substantial changes in a health carrier's types of health plans and types of persons covered if necessary to prevent evasion of this section.*

*Subd. 5.* [NEW PRODUCTS.] *No health carrier may offer or issue a new health plan form or certificate form unless the health carrier has provided the relevant commissioner with actuarial analysis establishing, to the satisfaction of the commissioner, that the proposed charges or method of determining charges takes account of the price restraints on health care providers under section 3. This subdivision applies, without limitation, to products sold in the small employer market under chapter 62L.*

Sec. 5. [APPLICABILITY OF OTHER LAWS.]

*Except as expressly provided in rules adopted under this chapter, to the extent that a provider is providing services in the regulated all-payor system, the provider remains subject to all other statutes and rules that apply to that provider on the effective date of this section, including, as applicable, Minnesota Statutes, sections 62J.17 and 62J.23.*

Sec. 6. [EFFECTIVE DATE.]

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

## ARTICLE 3

## DATA COLLECTION AND COST CONTROL INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 6, is amended to read:

Subd. 6. [GROUP PURCHASER.] "Group purchaser" means a person or organization that purchases health care services on behalf of an identified group of persons, regardless of whether the cost of coverage or services is paid for by the purchaser or by the persons receiving coverage or services, as further defined in rules adopted by the commissioner. "Group purchaser" includes, but is not limited to, *integrated service networks;* health insurance companies, health maintenance organizations, *nonprofit health service plan corporations,* and other health plan companies; employee health plans offered by self-insured employers; *trusts established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq.; the Minnesota comprehensive health association;* group health coverage offered by fraternal organizations, professional associations, or other organizations; state and federal health care programs; state and local public employee health plans; workers' compensation plans; and the medical component of automobile insurance coverage.

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 1, is amended to read:

Subdivision 1. [~~COMPREHENSIVE BUDGET~~ *LIMITS ON THE RATE OF GROWTH.*] *(a)* The commissioner of health shall set ~~an~~ annual ~~limit~~ *limits* on the rate of growth of public and private spending on health care services for Minnesota residents, *as provided in paragraph (b).* The ~~limit~~ *limits* on growth

must be set at a ~~level~~ *levels the commissioner determines to be realistic and achievable but* that will ~~slow~~ *reduce* the ~~current~~ rate of growth *in health care spending* by at least ten percent per year ~~using the spending growth rate for 1991 as a base year. This limit must be achievable through good faith, cooperative efforts of health care consumers, purchasers, and providers~~ *for the next five years. The commissioner shall set limits on growth based on available data on spending and growth trends, including data from group purchasers, national data on public and private sector health care spending and cost trends, and trend information from other states.*

*(b) The commissioner shall set the following annual limits on the rate of growth of public and private spending on health care services for Minnesota residents:*

*(1) for calendar year 1994, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points;*

*(2) for calendar year 1995, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points;*

*(3) for calendar year 1996, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points;*

*(4) for calendar year 1997, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points; and*

*(5) for calendar year 1998, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points.*

*If the health care financing administration forecast for the total growth in national health expenditures for a calendar year is lower than the rate of growth for the calendar year as specified in clauses (1) to (5), the commissioner shall adopt this forecast as the growth limit for that calendar year. The commissioner shall adjust the growth limit set for calendar year 1995 to recover savings in health care spending required for the period July 1, 1993 to December 31, 1993. The commissioner shall publish:*

*(1) the limits in the State Register by March 15 of the year immediately preceding the year in which the limit will be effective except for the year 1993, in which the limit shall be published by July 1, 1993;*

*(2) the quarterly change in the regional consumer price index for urban consumers; and*

*(3) the health care financing administration forecast for total growth in the national health care expenditures. In setting an annual limit, the commissioner is exempt from the rulemaking requirements of chapter 14. The commissioner's decision on an annual limit is not appealable.*

Sec. 3. Minnesota Statutes 1992, section 62J.04, is amended by adding a subdivision to read:

*Subd. 1a.* [ENFORCEMENT OF LIMITS ON GROWTH.] *(a) The commissioner shall enforce limits on growth in spending and revenues for*

*integrated service networks and for the regulated all-payor system. For purposes of enforcing limits, the commissioner may adjust a growth limit to account for differences between the actual and forecasted change in health care spending. If the commissioner determines that artificial inflation or padding of costs or prices has occurred in anticipation of the implementation of growth limits, the commissioner may adjust the base year spending totals or growth limits or take other action to reverse the effect of the artificial inflation or padding.*

*(b) The commissioner shall impose and enforce overall limits on growth in revenues and spending for integrated service networks, with adjustments for changes in enrollment, benefits, severity, and risks. If an integrated service network exceeds a spending limit, the commissioner may reduce future limits on growth in premium revenues for that integrated service network by up to the amount overspent. If the integrated service network system exceeds a systemwide spending limit, the commissioner may reduce future limits on growth in premium revenues for the integrated service network system by up to the amount overspent.*

*(c) The commissioner shall set prices, utilization controls, and other requirements for the regulated all-payor system to ensure that the overall costs of this system, after adjusting for changes in population, severity, and risk, do not exceed the growth limits. If spending growth limits for a calendar year are exceeded, the commissioner may reduce reimbursement rates or otherwise recoup overspending for all or part of the next calendar year, to recover in savings up to the amount of money overspent. To the extent possible, the commissioner may reduce reimbursement rates or otherwise recoup overspending from individual providers who exceed the spending growth limits.*

Sec. 4. Minnesota Statutes 1992, section 62J.04, subdivision 2, is amended to read:

Subd. 2. [DATA COLLECTION *BY COMMISSIONER.*] For purposes of ~~setting~~ *forecasting rates of growth in health care spending and setting* limits under ~~this section~~ *subdivisions 1 and 1a*, the commissioner ~~shall~~ *may* collect from ~~all~~ Minnesota health care providers data on patient revenues *and health care spending* received during a time period specified by the commissioner. The commissioner ~~shall~~ *may* also collect data on health care *revenues and* spending from ~~all~~ group purchasers of health care. ~~All~~ Health care providers and group purchasers doing business in the state shall provide the data requested by the commissioner at the times and in the form specified by the commissioner. Professional licensing boards and state agencies responsible for licensing, registering, or regulating providers shall cooperate fully with the commissioner in achieving compliance with the reporting requirements.

*Subd. 2a.* [FAILURE TO PROVIDE DATA.] *The* intentional failure to provide ~~reports~~ *the data* requested under this ~~section~~ *chapter* is grounds for revocation of a license or other disciplinary or regulatory action against a regulated provider. The commissioner may assess a fine against a provider who refuses to provide ~~information~~ *data* required by the commissioner ~~under this section~~. If a provider refuses to provide ~~a report or information~~ *the data* required ~~under this section~~, the commissioner may obtain a court order requiring the provider to produce documents and allowing the commissioner to inspect the records of the provider for purposes of obtaining the ~~information~~ *data* required ~~under this section~~.

*Subd. 2b.* [DATA PRIVACY.] All data received is *private or* nonpublic, ~~trade secret information under section 13.37~~ *as applicable, except to the extent that it is given a different classification elsewhere in this chapter.* The commissioner shall establish procedures and safeguards to ensure that data ~~provided to the Minnesota health care commission~~ *released by the commissioner* is in a form that does not identify ~~individual~~ *specific* patients, providers, employers, purchasers, or other *specific* individuals and organizations, except with the permission of the affected individual or organization, *or as permitted elsewhere in this chapter.*

Sec. 5. [62J.045] [MEDICAL EDUCATION AND RESEARCH COSTS.]

*Subdivision 1.* [PURPOSE.] *The legislature finds that all health care stakeholders, as well as society at large, benefit from medical education and health care research. The legislature further finds that the cost of medical education and research should not be borne by a few hospitals or medical centers but should be fairly allocated across the health care system.*

*Subd. 2.* [DEFINITION.] *For purposes of this section, "health care research" means research that is not subsidized from private grants, donations, or other outside research sources but is funded by patient out-of-pocket expenses or a third party payer and has been approved by an institutional review board certified by the United States Department of Health and Human Services.*

*Subd. 3.* [COST ALLOCATION FOR EDUCATION AND RESEARCH.] *By January 1, 1994, the commissioner of health, in consultation with the health care commission and the health planning advisory committee, shall:*

*(1) develop mechanisms to gather data and to identify the annual cost of medical education and research conducted by hospitals, medical centers, or health maintenance organizations;*

*(2) determine a percentage of the annual rate of growth established under section 62J.04 to be allocated for the cost of education and research and develop a method to assess the percentage from each group purchaser;*

*(3) develop mechanisms to collect the assessment from group purchasers to be deposited in a separate education and research fund; and*

*(4) develop a method to allocate the education and research fund to specific health care providers.*

Sec. 6. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

*Subd. 1a.* [DUTIES RELATED TO COST CONTAINMENT.] *(a)* [ALLOCATION OF REGIONAL SPENDING LIMITS.] *Regional coordinating boards may advise the commissioner regarding allocation of annual regional limits on the rate of growth for providers in the regulated all-payor system in order to:*

*(1) achieve community-wide and regional public health goals consistent with those established by the commissioner; and*

*(2) promote access to and equitable reimbursement of preventive and primary care providers.*

*(b)* [TECHNICAL ASSISTANCE.] *Regional coordinating boards, in cooperation with the commissioner, shall provide technical assistance to parties interested in establishing or operating an integrated service network within the region. This assistance must complement assistance provided by the commissioner under section 62N.23.*

Sec. 7. Minnesota Statutes 1992, section 62J.33, is amended to read:

62J.33 [~~TECHNICAL ASSISTANCE~~ *INFORMATION ON COST AND QUALITY* FOR PURCHASERS.]

*Subdivision 1.* [HEALTH CARE ANALYSIS UNIT.] The health care analysis unit shall provide ~~technical assistance~~ *information* to ~~health plan and health care~~ *assist group* purchasers *and consumers in making informed decisions regarding purchasing of health care services. The unit shall provide information allowing comparisons between integrated service networks and between health care services and systems.* The unit shall collect information about:

(1) premiums, benefit levels, *patient or enrollee satisfaction,* managed care procedures, health care outcomes, and other features of ~~popular~~ *integrated service networks,* health plans, and health carriers; ~~and~~

(2) prices, outcomes, provider experience, and other information for services less commonly covered by insurance or for which patients commonly face significant out-of-pocket expenses*; and*

*(3) information on health care services not provided through integrated service networks, including information on prices, costs, expenditures, utilization, quality of care, and outcomes.*

The commissioner shall publicize this information in an easily understandable format.

*Subd. 2.* [INFORMATION CLEARINGHOUSE.] *The commissioner of health shall establish an information clearinghouse within the department of health to facilitate the ability of consumers, employers, providers, health plans, and others to obtain information on health care costs and quality in Minnesota. The commissioner shall make available through the clearinghouse information developed or collected by the department of health on practice parameters, outcomes data and research, the costs and quality of integrated service networks, reports or recommendations of the health planning advisory committee and other entities on technology assessments, worksite wellness and prevention programs, other wellness programs, consumer education, and other initiatives. The clearinghouse shall, upon request, make available information submitted voluntarily by health plans, providers, employers, and others if the information clearly states that an entity other than the state submitted the information, identifies the entity, and states that distribution by the clearinghouse does not imply endorsement of the entity or the information by the commissioner of health or the state of Minnesota. The clearinghouse shall also refer requesters to sources of further information or assistance. The clearinghouse is subject to chapter 13.*

Sec. 8. [62J.35] [DATA COLLECTION.]

*Subdivision 1.* [CONTRACTING.] *The commissioner may contract with private organizations to carry out the data collection initiatives required by this chapter. The commissioner shall require in the contract that organizations*

*under contract adhere to the data privacy requirements established under this chapter.*

*Subd. 2.* [EMERGENCY RULES.] *The commissioner shall adopt emergency and permanent rules to implement the data collection and reporting requirements in this chapter. The commissioner may combine all data reporting and collection requirements into a unified process so as to minimize duplication and administrative costs.*

Sec. 9. [62J.37] [DATA FROM INTEGRATED SERVICE NETWORKS.]

*The commissioner shall require integrated service networks operating under section 62N.06, subdivision 1, to submit data on health care spending and revenue for calendar year 1994 by February 15, 1995. Each February 15 thereafter, integrated service networks shall submit to the commissioner data on health care spending and revenue for the preceding calendar year. The data must be provided in the form specified by the commissioner. To the extent that an integrated service network is operated by a group purchaser under section 62N.06, subdivision 2, the integrated service network is exempt from this section and the group purchaser must provide data on the integrated service network under section 62J.38.*

Sec. 10. [62J.38] [DATA FROM GROUP PURCHASERS.]

*(a) The commissioner shall require group purchasers to submit detailed data on total health care spending for calendar years 1990, 1991, and 1992, and for calendar year 1993 and successive calendar years. Group purchasers shall submit data for the 1993 calendar year by February 15, 1994, and each February 15 thereafter shall submit data for the preceding calendar year.*

*(b) The commissioner shall require each group purchaser to submit data on revenue, expenses, and member months, as applicable. Revenue data must distinguish between premium revenue and revenue from other sources, and must also include information on the amount of revenue in reserves and changes in reserves. Expenditure data, including raw data from claims, must be provided separately for the following categories: physician services, dental services, other professional services, inpatient hospital services, outpatient hospital services, emergency and out-of-area care, pharmacy services and prescription drugs, mental health services, chemical dependency services, other expenditures, and administrative costs.*

*(c) State agencies and all other group purchasers shall provide the required data using a uniform format and uniform definitions, as prescribed by the commissioner.*

Sec. 11. [62J.40] [DATA FROM STATE AGENCIES.]

*In addition to providing the data required under section 62J.38, the commissioners of human services, commerce, labor and industry, and employee relations and all other state departments or agencies that administer one or more health care programs shall provide to the commissioner of health any additional data on the health care programs they administer that is requested by the commissioner of health, including data in unaggregated form, for purposes of developing estimates of spending, setting spending limits, and monitoring actual spending. The data must be provided at the times and in the form specified by the commissioner of health.*

Sec. 12. [62J.41] [DATA FROM PROVIDERS.]

*Subdivision 1.* [DATA TO BE COLLECTED FROM PROVIDERS.] *The commissioner shall require health care providers to collect and provide both patient specific information and descriptive and financial aggregate data on:*

*(1) the total number of patients served;*

*(2) the total number of patients served by state of residence and Minnesota county;*

*(3) the site or sites where the health care provider provides services;*

*(4) the number of individuals employed, by type of employee, by the health care provider;*

*(5) the services and their costs for which no payment was received;*

*(6) total revenue by type of payer, including but not limited to, revenue from Medicare, medical assistance, MinnesotaCare, nonprofit health service plan corporations, commercial insurers, integrated service networks, health maintenance organizations, and individual patients;*

*(7) revenue from research activities;*

*(8) revenue from educational activities;*

*(9) revenue from out-of-pocket payments by patients;*

*(10) revenue from donations; and*

*(11) any other data required by the commissioner, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, monitoring actual spending, and monitoring costs and quality.*

*Subd. 2.* [ANNUAL MONITORING AND ESTIMATES.] *The commissioner shall require health care providers to submit the required data for the period July 1, 1993 to December 31, 1993, by February 15, 1994. Health care providers shall submit data for the 1994 calendar year by February 15, 1995, and each February 15 thereafter shall submit data for the preceding calendar year. The commissioner of revenue may collect health care service revenue data from health care providers, if the commissioner of revenue and the commissioner agree that this is the most efficient method of collecting the data. The commissioner of revenue shall provide any data collected to the commissioner of health.*

*Subd. 3.* [PUBLIC HEALTH GOALS.] *The commissioner shall establish specific public health goals, including, but not limited to, increased delivery of prenatal care, improved birth outcomes, and expanded childhood immunizations. The commissioner shall require health care providers to maintain and periodically report information on changes in health outcomes related to specific public health goals. The information must be provided at the times and in the form specified by the commissioner.*

Sec. 13. [62J.42] [QUALITY, UTILIZATION, AND OUTCOME DATA.]

*The commissioner shall also require group purchasers and health care providers to maintain and periodically report information on quality of care, utilization, and outcomes. The information must be provided at the times and in the form specified by the commissioner.*

Sec. 14. [62J.44] [PUBLICATION OF DATA.]

*(a) Notwithstanding section 62J.04, subdivision 2b, the commissioner may publish data on health care costs and spending, quality and outcomes, and utilization for health care institutions, individual health care professionals and groups of health care professionals, group purchasers, and integrated service networks, with a description of the methodology used for analysis, in order to provide information to purchasers and consumers of health care. The commissioner shall not reveal the name of an institution, group of professionals, individual health care professional, group purchaser, or integrated service network until after the institution, group of professionals, individual health care professional, group purchaser, or integrated service network has had 15 days to review the data and comment. The commissioner shall include any comments received in the release of the data.*

*(b) Summary data derived from data collected under this chapter may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner or otherwise in accordance with chapter 13.*

Sec. 15. [62J.45] [DATA INSTITUTE.]

*Subdivision 1.* [DEFINITIONS.] *For purposes of this section, "encounter level data" means data related to the provision of health care services to individual patients, enrollees, or insureds, including claims data, abstracts of medical records, and data from patient interviews and patient surveys.*

*Subd. 2.* [COMMISSIONER'S DUTIES.] *The commissioner shall establish a data institute to collect and process encounter level data that are required to be submitted to the commissioner under chapter 62J. The commissioner shall provide general oversight of the administration of the institute. The commissioner may intervene in the direct operation of the institute, if this is necessary in the judgment of the commissioner to accomplish the institute's duties. Until the data institute is operational, the commissioner shall directly collect all encounter level data required under this chapter.*

*Subd. 3.* [BOARD OF DIRECTORS.] *The institute is governed by a 14 member board of directors. The commissioner shall appoint all board members and designate a chair after considering the board's recommendation. The board consists of the following members:*

*(1) three representatives of health care providers;*

*(2) two representatives of health carriers;*

*(3) two consumer members;*

*(4) two employer representatives, one representing an employer with under 30 employees, and the other representing an employer with more than 30 employees;*

*(5) two researchers experienced in the collection and processing of encounter level data; and*

*(6) three representatives of state agencies, one member representing the department of employee relations, one member representing the department of human services, and one member representing the department of health.*

*Subd. 4.* [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] *The board is governed by section 15.0575.*

*Subd. 5.* [STAFF.] *The board may hire an executive director. The executive director may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans. The attorney general shall provide legal services to the board.*

*Subd. 6.* [DUTIES.] *The board, through the data institute, shall:*

*(1) collect the encounter level data required to be submitted by group purchasers under sections 62J.38 and 62J.42, state agencies under section 62J.40, and health care providers under sections 62J.41 and 62J.42, using, to the greatest extent possible, the Uniform Bill 82/92 form, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;*

*(2) collect the encounter level data required for the initiatives of the health care analysis unit, under sections 62J.30 to 62J.34, using, to the greatest extent possible, the Uniform Bill 82/92 form, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;*

*(3) process the data collected to ensure consistency, accuracy, and completeness, and as appropriate, merge data collected from different sources;*

*(4) provide unaggregated, encounter-level data to the data analysis unit within the department of health; and*

*(5) carry out other duties assigned in this section.*

*Subd. 7.* [USE OF DATA.] *(a) The commissioner of health is responsible for the analysis of the data provided through the data institute, and the development and dissemination of reports. The commissioner shall supplement the data provided by the data institute with aggregate data collected under chapter 62J.*

*(b) The board shall make the data collected through the institute available to group purchasers, health care providers, consumers, researchers, and other interested parties. The board may require users of data to contribute towards the cost of data collection through the payment of fees. The commissioner shall require users of data to maintain the data according to the data privacy provisions applicable to the data.*

*Subd. 8.* [CONTRACTING.] *The commissioner, on behalf of the board, may contract with private sector entities to carry out the duties assigned in this section. The commissioner shall diligently seek to enter into contracts with private sector entities. Any contract must list the specific data to be collected and the methods to be used to collect the data. Any contract must require the private sector entity to maintain the data collected according to the data privacy provisions applicable to the data. The board shall advise the commissioner regarding the performance of any private sector entity under contract.*

*Subd. 9.* [DATA PRIVACY.] *The board is subject to chapter 13.*

*Subd. 10.* [FEDERAL AND OTHER GRANTS.] *The commissioner and the board shall seek federal funding, and funding from private and other nonstate sources, for the initiatives required by the board.*

Sec. 16. [62J.46] [MONITORING AND REPORTS.]

*Subdivision 1.* [LONG-TERM CARE COSTS.] *The commissioner, with the assistance of the interagency long-term care planning committee established under section 144A.31, shall use existing state data resources to monitor trends in public and private spending on long-term care costs and spending in Minnesota. The commissioner shall recommend to the legislature any additional data collection activities needed to monitor these trends. State agencies collecting information on long-term care spending and costs shall coordinate with the interagency long-term care planning committee and the commissioner to facilitate the monitoring of long-term care expenditures in the state.*

*Subd. 2.* [COST SHIFTING.] *The commissioner shall monitor the extent to which reimbursement rates for government health care programs lead to the shifting of costs to private payors. By January 1, 1995, the commissioner shall report any evidence of cost shifting to the legislature and make recommendations on adjustments to that cost containment plan that should be made due to cost shifting.*

Sec. 17. [INSTRUCTION TO REVISOR.]

*The revisor of statutes shall insert section 62J.04, subdivisions 2, 2a, and 2b, as subdivisions 1, 2, and 3 in section 62J.35, and renumber the other subdivisions of section 62J.35 as subdivisions 4 and 5 of that section in the next and subsequent editions of Minnesota Statutes.*

Sec. 18. [EFFECTIVE DATE.]

*Sections 1 to 16 are effective the day following final enactment.*

## ARTICLE 4

## VOLUNTARY PUBLIC COMMITMENTS

Section 1. [62J.50] [PUBLIC COMMITMENTS BY PLANS AND PROVIDERS TO VOLUNTARILY REDUCE COSTS AND PRICES.]

*Subdivision 1.* [ENCOURAGEMENT OF VOLUNTARY PUBLIC COMMITMENTS.] *The commissioner of health, in cooperation with the health care commission and the commissioner of commerce, shall encourage group purchasers and providers to make written voluntary public commitments to reduce the rate of increase in their revenues below the rate limits established in this act. The commissioner, in consultation with the commission, shall establish the procedures, requirements, and deadlines for the submission, publication, and evaluation of public commitments under this section. The commissioner is exempt from the rulemaking requirements of the administrative procedure act for purposes of establishing and administering the public commitment program under this section. The commissioner may develop forms to be executed by a group purchaser or provider willing to make this commitment. The commissioner may not require any particular cost containment methodology.*

*By July 1, 1993, each group purchaser and provider making a voluntary public commitment shall submit to the commissioner the methodology used to determine the projection for the rate of increase in revenues for calendar year 1994 over 1993 which is forecast without taking into account the voluntary public commitment. A group purchaser or provider making a voluntary public commitment shall submit any supporting information requested by the commissioner of health.*

*In making a voluntary public commitment, the group purchaser or provider making the commitment must, in writing, attest to the validity of the data supplied, agree to pass the savings achieved by cost and price reductions through to health care consumers, agree not to increase its volume of services to compensate for reductions in revenues, agree not to increase copayment or deductible amounts during the time period of the voluntary public commitment, and give written permission to allow the commissioner to inspect the group purchaser's or provider's pertinent financial records as necessary to assess the validity of information submitted and to monitor and evaluate compliance with the commitment and to publish the conclusion on compliance.*

*Subd. 2.* [FALSE ADVERTISING.] *A group purchaser or provider who makes a commitment under subdivision 1 and uses that commitment in any advertisement or in any other way makes that information available to the public is subject to section 325F.67 if the group purchaser or provider knowingly violates the commitment.*

*Subd. 3.* [USE OF FINANCIAL CONSULTANTS.] *The commissioner may use financial consultants and actuaries as needed to ensure the accuracy, reliability, and completeness of data submitted under this section.*

*Subd. 4.* [REVIEW AND COMMENT.] *The commissioner shall publish a list of the group purchasers and providers who agree to participate in the voluntary cost containment program. The commissioner may audit a group purchaser or provider or take other means necessary to determine whether or not that group purchaser or provider met, exceeded, or failed to meet a commitment made under subdivision 1. The name of a group purchaser or provider that has failed to meet a voluntary public commitment or to provide requested data shall not be released until after the group purchaser or provider has had 15 days to review the data and comment. The commissioner shall include the group purchaser's or provider's comment in the release of data. A decision by the commissioner that a group purchaser or provider has or has not made a voluntary public commitment under this section or has met, exceeded, or failed to meet a voluntary public commitment is a final decision and is not subject to appeal.*

*Subd. 5.* [REPORT TO LEGISLATURE.] *The commissioner of health, in consultation with the health care commission, shall monitor the voluntary cost, price, and volume control process and report to the legislature by February 15, 1995, on the degree of cooperation with the process, recommendations on whether to extend the voluntary public commitment process, and recommendations for improving the process if it is extended.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

## ARTICLE 5

## HEALTH PLANNING ADVISORY COMMITTEE

Section 1. [16B.24] [STATE NEGOTIATED VOLUME DISCOUNTS.]

*The commissioner of administration, in cooperation with the commissioners of employee relations, health, and human services, shall establish a drug volume purchasing program under which the state will negotiate volume discounts from drug distributors and manufacturers on behalf of those*

*pharmacies, health plans, integrated service networks, employers, and other organizations that choose to participate in the program. The purpose of the program is to enable small purchasers to obtain lower prices on drugs as a result of the discounts that can be obtained through large volume purchasing.*

Sec. 2. Minnesota Statutes 1992, section 62J.03, is amended by adding a subdivision to read:

*Subd. 9.* [SAFETY.] *"Safety" means the potential of a technology to cause harm.*

Sec. 3. Minnesota Statutes 1992, section 62J.15, subdivision 1, is amended to read:

Subdivision 1. [HEALTH PLANNING ADVISORY COMMITTEE.] The Minnesota health care commission shall convene an advisory committee to make recommendations regarding the use and distribution of new and existing health care technologies and procedures and major capital expenditures by providers. The advisory committee may include members of the state commission and other persons appointed by the commission. The advisory committee must include at least one person representing physicians, at least one person representing hospitals, and at least one person representing the health care technology industry. Health care technologies ~~and procedures~~ include high-cost ~~pharmaceuticals, organ and other high-cost transplants, high-cost~~ *drugs, devices, procedures, knowledge, or processes applied to human* health care ~~procedures and devices excluding United States Food and Drug Administration approved implantable or wearable medical devices~~, *such as high-cost transplants* and expensive~~, large-scale technologies such as~~ scanners and imagers. *The advisory committee is governed by section 15.0575, subdivision 3, except that members do not receive per diem payments.*

Sec. 4. Minnesota Statutes 1992, section 62J.15, subdivision 2, is amended to read:

Subd. 2. [HEALTH PLANNING.] In consultation with the health planning advisory committee, the Minnesota health care commission shall:

(1) make recommendations on the types of high-cost technologies, procedures, and capital expenditures for which a plan on statewide use and distribution should be made;

(2) ~~develop~~ *adopt* criteria for evaluating new high-cost health care technology and procedures and major capital expenditures that take into consideration the clinical effectiveness, cost-effectiveness, and health outcome;

(3) recommend to the commissioner of health and the regional coordinating ~~organizations~~ *boards* statewide and regional goals and targets for the distribution and use of new and existing high-cost health care technologies and procedures and major capital expenditures;

(4) make recommendations to the commissioner regarding the designation of *referral* centers ~~of excellence~~ for transplants and other specialized medical procedures; and

(5) make recommendations to the commissioner regarding minimum volume requirements for the performance of certain procedures by hospitals and other health care facilities or providers.

Sec. 5. [62J.152] [DUTIES OF HEALTH PLANNING ADVISORY COMMITTEE.]

*Subdivision 1.* [GENERALLY.] *The health planning advisory committee established in section 62J.15 shall:*

*(1) develop criteria and processes for evaluating health care technology assessments made by other entities;*

*(2) conduct evaluations of specific technology and its specific application;*

*(3) make recommendations to the Minnesota health care commission on the use of specific technologies evaluated; and*

*(4) carry out any other duties specifically assigned by the Minnesota health care commission.*

*Subd. 2.* [PRIORITIES FOR DESIGNATING TECHNOLOGIES FOR ASSESSMENT.] *The health planning advisory committee shall consider the following criteria in designating technologies for evaluation:*

*(1) the level of controversy within the medical or scientific community, including questionable or undetermined efficacy;*

*(2) the cost implications;*

*(3) the potential for rapid diffusion;*

*(4) the impact on a substantial patient population;*

*(5) the existence of alternative technologies;*

*(6) the impact on patient safety and health outcome;*

*(7) the public health importance;*

*(8) the level of public and professional demand;*

*(9) the social, ethical, and legal concerns; and*

*(10) the prevalence of the disease or condition.*

*The committee may give different weights or attach different importance to each of the criteria, depending on the technology being considered. The committee shall consider any additional criteria approved by the commissioner and the Minnesota health care commission.*

*Subd. 3.* [CRITERIA FOR EVALUATING TECHNOLOGY.] *In developing the criteria for evaluating specific technologies, the health planning advisory committee shall consider safety, improvement in health outcomes, and the degree to which a technology is clinically effective and cost effective, and other factors. The committee shall consider any additional criteria approved by the commissioner and the Minnesota health care commission.*

*Subd. 4.* [TECHNOLOGY EVALUATION PROCESS.] *(a) In evaluating a specific technology, the health planning advisory committee shall collect and evaluate studies and research findings on the technologies selected for evaluation from as wide of a range of sources as needed, including, but not limited to: federal agencies or other units of government, international organizations conducting health care technology assessments, health plans, insurers, manufacturers, professional and trade associations, nonprofit*

*organizations, and academic institutions. The health planning advisory committee may use consultants or experts, and solicit testimony or other input as needed to evaluate a specific technology.*

*(b) When the evaluation process on a specific technology has been completed, the health planning advisory committee shall submit a preliminary report to the information clearinghouse. The preliminary report must include the results of the technology assessment evaluation, studies and research findings considered in conducting the evaluation, and the health planning advisory committee's recommendations regarding the technology. Any interested persons or organizations may submit to the health planning advisory committee written comments regarding the technology evaluation within 30 days from the date the preliminary report was submitted. The health planning advisory committee's final report on its technology evaluation must be submitted to the information clearinghouse. Any written comments received by the health planning advisory committee within the 30-day period must be included with the final report.*

*Subd. 5.* [USE OF TECHNOLOGY EVALUATION.] *Once the health planning advisory committee has evaluated a specific technology, the final report and any written comments shall be provided to the Minnesota health care commission. The final report on the technology evaluation may also be used:*

*(1) by the commissioner in retrospective review of major expenditures;*

*(2) by integrated service networks and other group purchasers and by employers, in making coverage, contracting, purchasing, and reimbursement decisions;*

*(3) by government programs and regulators of the regulated all-payor system, in making coverage, contracting, purchasing, and reimbursement decisions;*

*(4) by the commissioner and other organizations in the development of practice parameters;*

*(5) by health care providers in making decisions about adding or replacing technology, and the appropriate use of technology;*

*(6) by consumers in making decisions about treatment;*

*(7) by medical device manufacturers in developing and marketing new technologies; and*

*(8) as otherwise needed by health care providers, health care plans, consumers, and purchasers.*

*Subd. 6.* [APPLICATION TO THE REGULATED ALL-PAYOR SYSTEM.] *The health planning advisory committee shall recommend to the Minnesota health care commission and the commissioner methods to control the diffusion and use of technology within the regulated all-payor system for services provided outside of an integrated service network.*

*Subd. 7.* [DATA GATHERING.] *In evaluating a specific technology, the health planning advisory committee may seek the use of data collected by manufacturers, health plans, professional and trade associations, nonprofit organizations, academic institutions, or any other organization or association that may have data relevant to the committee's technology evaluation. The*

*health planning advisory committee may request the commissioner to subpoena these entities to release all relevant data to the health planning advisory committee for the sole purpose of technology evaluation. All information obtained under this subdivision shall be considered nonpublic data under section 13.02, subdivision 9, unless the data is already available to the public generally or upon request.*

Sec. 6. [62J.153] [CONFLICTS OF INTEREST.]

*No member of the health planning advisory committee may participate or vote in the committee's proceedings involving an individual provider, purchaser or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the committee's proceedings other than as an individual consumer of health care services.*

Sec. 7. [62J.154] [TORT CLAIMS DEFENSE AND INDEMNIFICATION.]

*The health planning advisory committee established under section 62J.15 is included within the definition of "state" in section 3.732, subdivision 1, clause (1). Members of the health planning advisory committee shall be considered "employees of the state" as defined in section 3.732, subdivision 1, clause (2).*

Sec. 8. [62J.156] [CLOSED COMMITTEE HEARINGS.]

*Notwithstanding section 471.705, the health planning advisory committee may meet in closed session to discuss a specific technology or procedure that involves data received under section 62J.152, subdivision 7, that have been classified as nonpublic data, where disclosure of the data would cause harm to the competitive or economic position of the source of the data.*

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 3.732, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the housing finance agency, the higher education coordinating board, the higher education facilities authority, *the health planning advisory committee,* the armory building commission, the zoological board, the iron range resources and rehabilitation board, the state agricultural society, the University of Minnesota, state universities, community colleges, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota national guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs outside the jurisdiction of

the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor or members of the Minnesota national guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. "Employee of the state" includes a public defender appointed by the state board of public defense, *and a member of the health planning advisory committee.*

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 1992, section 62C.16, is amended by adding a subdivision to read:

*Subd. 4.* [RETALIATORY ACTION PROHIBITED.] *No service plan corporation may take retaliatory action against a provider solely on the grounds that the provider disseminated accurate information regarding coverage of benefits or accurate benefit limitations of a subscriber's contract or accurate interpreted provisions of the provider agreement that limit the prescribing, providing, or ordering of care.*

Sec. 3. Minnesota Statutes 1992, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] After obtaining the advice and recommendations of the Minnesota health care commission, the commissioner shall:

(1) establish statewide and regional limits on growth in total health care spending under this section, monitor regional and statewide compliance with the spending limits, and take action to achieve compliance to the extent authorized by the legislature;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area *but excluding Chisago, Isanti, and Sherburne counties*, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve spending limits;

(3) provide technical assistance to regional coordinating boards;

(4) monitor the quality of health care throughout the state, conduct consumer satisfaction surveys, and take action as necessary to ensure an appropriate level of quality;

(5) ~~develop~~ *issue recommendations regarding* uniform billing forms, uniform electronic billing procedures *and data interchanges, patient identification cards*, and other uniform claims *and administrative* procedures for health care providers ~~by January 1, 1993~~ *and private and public sector payors. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt*

*rules requiring the use of the Uniform Bill 82/92 form, the Health Care Financing Administration 1500 form, or other standardized forms or procedures*;

(6) undertake health planning responsibilities as provided in section 62J.15;

(7) monitor and promote the development and implementation of practice parameters;

(8) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(9) designate *referral* centers ~~of excellence~~ for specialized and high-cost procedures and treatment and establish minimum standards and requirements for particular procedures or treatment;

(10) *within the limits of appropriations for these purposes,* administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, *undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs*;

(11) administer the health care analysis unit under ~~Laws 1992, chapter 549, article 7~~ *sections 62J.30 to 62J.34*; and

(12) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans.

Sec. 4. Minnesota Statutes 1992, section 62J.04, subdivision 4, is amended to read:

Subd. 4. [CONSULTATION WITH THE COMMISSION.] ~~Before~~ *When the law requires the commissioner of health to consult with the Minnesota health care commission when* undertaking any of the duties required under ~~this chapter~~ *chapters 62J and 62N*, the commissioner ~~of health~~ shall consult with the ~~Minnesota health care~~ commission and obtain the commission's advice and recommendations. If the commissioner intends to depart from the commission's recommendations, the commissioner shall inform the commission of the intended departure, provide a written explanation of the reasons for the departure, and give the commission an opportunity to comment on the intended departure. If, after receiving the commission's comment, the commissioner still intends to depart from the commission's recommendations, the commissioner shall notify each member of the legislative ~~oversight~~ commission *on health care access* of the commissioner's intent to depart from the recommendations of the Minnesota health care commission. The notice to the legislative ~~oversight~~ commission must be provided at least ten days before the commissioner takes final action. If emergency action is necessary that does not allow the commissioner to obtain the advice and recommendations of the Minnesota health care commission or to provide advance notice and an opportunity for comment as required in this subdivision, the commissioner shall provide a written notice and explanation to the Minnesota health care commission and the legislative ~~oversight~~ commission at the earliest possible time.

Sec. 5. [62J.211] [SMALL GROUP PURCHASING POOLS.]

*Subdivision 1.* [DEFINITION.] *For purposes of this section, "purchasing pool" means a group, however organized, of purchasers of health coverage, including purchasers of health plans as defined in section 62A.011, subdivision 3, coverage by integrated service networks, or services in connection with self-insured plans.*

*Subd. 2.* [ASSISTANCE TO PRIVATE PURCHASING POOLS.] *The commissioners of health and commerce shall encourage the formation of private small group purchasing pools to enable small groups to benefit from the market advantages and efficiencies of large purchasing groups. Within the limits of appropriations provided for this purpose, the commissioner of health, in consultation with the commissioner of commerce, may provide loans for start-up costs and reserves to assist new purchasing pools.*

*Subd. 3.* [REGIONAL PURCHASING POOLS.] *Regional coordinating boards may sponsor the formation of regional purchasing pools to enable small groups in the region to purchase health coverage as a large group. Regional purchasing pools are eligible for assistance and start-up loans under subdivision 2.*

Sec. 6. [62J.212] [COLLABORATION ON PUBLIC HEALTH GOALS.]

*The commissioner of health shall encourage integrated service networks and other private organizations to collaborate with public health agencies to achieve community-wide and regional public health goals. The commissioner may increase regional spending limits if public health goals for that region are achieved. Within the limits of appropriations provided for this purpose, the commissioner of health may provide grants to integrated service networks and other private organizations or adopt spending limits to collaborate with public health agencies in implementing wellness programs and other initiatives to improve public health outcomes.*

Sec. 7. [REQUESTS FOR FEDERAL ACTION.]

*The commissioner of health shall seek changes in or waivers from federal statutes or regulations as necessary to implement the provisions of this act. The commissioner of human services shall request and diligently pursue waivers from the federal laws relating to health coverages provided under the medical assistance and Medicare programs, so as to permit the state to provide medical assistance benefits through integrated service networks and permit Medicare to be provided in Minnesota through integrated service networks.*

Sec. 8. [INSTRUCTION TO REVISOR.]

*The revisor of statutes shall change the words "centers of excellence" to "referral centers" wherever they appear in chapters 62D and 62J in the next and subsequent editions of Minnesota Statutes and Minnesota Rules, parts 4685.0100 to 4685.3400.*

Sec. 9. Minnesota Statutes 1992, section 62J.34, subdivision 3, is amended to read:

Subd. 3. [MEDICAL MALPRACTICE CASES.] (a) In an action against a provider for malpractice, error, mistake, or failure to cure, whether based in contract or tort, adherence to a *pertinent* practice parameter approved by the commissioner of health under subdivision 2 is an absolute defense against an

allegation that the provider did not comply with accepted standards of practice in the community.

(b) Evidence of a departure from a practice parameter is *not* admissible ~~only on~~ *unless* the ~~issue of whether the~~ provider is ~~entitled to an~~ *claiming the* absolute defense under paragraph (a).

(c) Paragraphs (a) and (b) apply to claims arising on or after August 1, 1993, or 90 days after the date the commissioner approves the applicable practice parameter, whichever is later.

(d) Nothing in this section changes the ~~standard or~~ *plaintiff's* burden of proof in ~~an~~ *a civil* action ~~alleging a delay in diagnosis, a misdiagnosis, inappropriate application of a practice parameter, failure to obtain informed consent, battery or other intentional tort, breach of contract, or product liability~~ *against a provider or creates a new basis upon which to establish liability against a provider.*

Sec. 10. [EFFECTIVE DATE.]

*Section 2 is effective the day following final enactment.*

ARTICLE 7

COST CONTAINMENT AMENDMENTS

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 8, is amended to read:

Subd. 8. [PROVIDER *OR HEALTH CARE PROVIDER.*] "Provider" or "health care provider" means a person or organization other than a nursing home that provides health care or medical care services within Minnesota for a fee~~, as further defined in rules adopted by the commissioner.~~ *and is eligible for reimbursement under the medical assistance program under chapter 256B. For purposes of this subdivision, "for a fee" includes traditional fee-for-service arrangements, capitation arrangements, and any other arrangement in which a provider receives compensation for providing health care services or has the authority to directly bill a group purchaser, health carrier, or individual for providing health care services. For purposes of this subdivision, "eligible for reimbursement under the medical assistance program" means that the provider's services would be reimbursed by the medical assistance program if the services were provided to medical assistance enrollees and the provider sought reimbursement, or that the services would be eligible for reimbursement under medical assistance except that those services are characterized as experimental, cosmetic, or voluntary.*

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] A person ~~or organization~~ *aggrieved* may appeal a decision of the commissioner *under sections 62J.17 and 62J.23* through a contested case proceeding *governed* under chapter 14. *The appeal must be brought within 30 days of receiving notice of the commissioner's decision.*

Sec. 3. Minnesota Statutes 1992, section 62J.04, subdivision 7, is amended to read:

Subd. 7. [PLAN FOR CONTROLLING GROWTH IN SPENDING.] (a) By January 15, 1993, the Minnesota health care commission shall submit to

the legislature and the governor for approval a plan, with as much detail as possible, for slowing the growth in health care spending to the growth rate identified by the commission, beginning July 1, 1993. The goal of the plan shall be to reduce the growth rate of health care spending, adjusted for population changes, so that it declines by at least ten percent per year for each of the next five years. ~~The commission shall use the rate of spending growth in 1991 as the base year for developing its plan.~~ The plan may include tentative targets for reducing the growth in spending for consideration by the legislature.

(b) In developing the plan, the commission shall consider the advisability and feasibility of the following options, but is not obligated to incorporate them into the plan:

(1) data and methods that could be used to calculate regional and statewide spending limits and the various options for expressing spending limits, such as maximum percentage growth rates or actuarially adjusted average per capita rates that reflect the demographics of the state or a region of the state;

(2) methods of adjusting spending limits to account for patients who are not Minnesota residents, to reflect care provided to a person outside the person's region, and to adjust for demographic changes over time;

(3) methods that could be used to monitor compliance with the limits;

(4) criteria for exempting spending on research and experimentation on new technologies and medical practices when setting or enforcing spending limits;

(5) methods that could be used to help providers, purchasers, consumers, and communities control spending growth;

(6) methods of identifying activities of consumers, providers, or purchasers that contribute to excessive growth in spending;

(7) methods of encouraging voluntary activities that will help keep spending within the limits;

(8) methods of consulting providers and obtaining their assistance and cooperation and safeguards that are necessary to protect providers from abrupt changes in revenues or practice requirements;

(9) methods of avoiding, preventing, or recovering spending in excess of the rate of growth identified by the commission;

(10) methods of depriving those who benefit financially from overspending of the benefit of overspending, including the option of recovering the amount of the excess spending from the greater provider community or from individual providers or groups of providers through targeted assessments;

(11) methods of reallocating health care resources among provider groups to correct existing inequities, reward desirable provider activities, discourage undesirable activities, or improve the quality, affordability, and accessibility of health care services;

(12) methods of imposing mandatory requirements relating to the delivery of health care, such as practice parameters, hospital admission protocols, 24-hour emergency care screening systems, or designated specialty providers;

(13) methods of preventing unfair health care practices that give a provider

or group purchaser an unfair advantage or financial benefit or that significantly circumvent, subvert, or obstruct the goals of this chapter;

(14) methods of providing incentives through special spending allowances or other means to encourage and reward special projects to improve outcomes or quality of care; and

(15) the advisability or feasibility of a system of permanent, regional coordinating boards to ensure community involvement in activities to improve affordability, accessibility, and quality of health care in each region.

Sec. 4. Minnesota Statutes 1992, section 62J.05, is amended by adding a subdivision to read:

*Subd. 9.* [REPEALER.] *This section is repealed effective July 1, 1996.*

Sec. 5. Minnesota Statutes 1992, section 62J.09, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) [NUMBER OF MEMBERS.] Each regional ~~health care management~~ *coordinating* board consists of ~~16~~ *17* members as provided in this subdivision. A member may designate a representative to act as a member of the commission in the member's absence. *The governor shall appoint the chair of each regional board from among its members.*

(b) [PROVIDER REPRESENTATIVES.] Each regional board must include four members representing health care providers who practice in the region. One member is appointed by the Minnesota Medical Association. One member is appointed by the Minnesota Hospital Association. One member is appointed by the Minnesota Nurses' Association. The remaining member is appointed by the governor to represent providers other than physicians, hospitals, and nurses.

(c) [HEALTH PLAN COMPANY REPRESENTATIVES.] Each regional board includes ~~three~~ *four* members representing health plan companies who provide coverage for residents of the region, including one member representing health insurers who is elected by a vote of all health insurers providing coverage in the region, one member elected by a vote of all health maintenance organizations providing coverage in the region, and one member appointed by Blue Cross and Blue Shield of Minnesota. The fourth member is appointed by the governor.

(d) [EMPLOYER REPRESENTATIVES.] Regional boards include three members representing employers in the region. Employer representatives are elected by a vote of the employers who are members of chambers of commerce in the region. At least one member must represent self-insured employers.

(e) [EMPLOYEE UNIONS.] Regional boards include one member appointed by the AFL-CIO Minnesota who is a union member residing or working in the region or who is a representative of a union that is active in the region.

(f) [PUBLIC MEMBERS.] Regional boards include three consumer members. One consumer member is elected by the community health boards in the region, with each community health board having one vote. One consumer member is elected by the state legislators with districts in the region. One consumer member is appointed by the governor.

(g) [COUNTY COMMISSIONER.] Regional boards include one member who is a county board member. The county board member is elected by a vote of all of the county board members in the region, with each county board having one vote.

(h) [STATE AGENCY.] Regional boards include one state agency commissioner appointed by the governor to represent state health coverage programs.

Sec. 6. Minnesota Statutes 1992, section 62J.09, subdivision 5, is amended to read:

Subd. 5. [CONFLICTS OF INTEREST.] No member may ~~participate or~~ vote in *regional coordinating* board proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the *regional coordinating* board's proceedings other than as an individual consumer of health care services. *A member with a direct financial interest may participate in the proceedings, without voting, provided that the member discloses any direct financial interest to the regional coordinating board at the beginning of the proceedings.*

Sec. 7. Minnesota Statutes 1992, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~1993~~ *1996.*

Sec. 8. Minnesota Statutes 1992, section 62J.17, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given.

(a) [ACCESS.] *"Access" has the meaning given in section 62J.2912, subdivision 2.*

*(b)* [CAPITAL EXPENDITURE.] "Capital expenditure" means an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance.

*(c)* [COST.] *"Cost" means the amount paid by consumers or third party payors for health care services or products.*

*(d)* [DATE OF THE MAJOR SPENDING COMMITMENT.] *"Date of the major spending commitment" means the date the provider formally obligated itself to the major spending commitment. The obligation may be incurred by entering into a contract, making a down payment, issuing bonds or entering a loan agreement to provide financing for the major spending commitment, or taking some other formal, tangible action evidencing the provider's intention to make the major spending commitment.*

~~(b)~~ *(e)* [HEALTH CARE SERVICE.] "Health care service" means:

(1) a service or item that would be covered by the medical assistance program under chapter 256B if provided in accordance with medical assistance requirements to an eligible medical assistance recipient; and

(2) a service or item that would be covered by medical assistance except that it is characterized as experimental, cosmetic, or voluntary.

"Health care service" does not include retail, over-the-counter sales of nonprescription drugs and other retail sales of health-related products that are not generally paid for by medical assistance and other third-party coverage.

~~(e)~~ *(f)* [MAJOR SPENDING COMMITMENT.] "Major spending commitment" means:

(1) acquisition of a unit of medical equipment;

(2) a capital expenditure for a single project for the purposes of providing health care services, other than for the acquisition of medical equipment;

(3) offering a new specialized service not offered before;

(4) planning for an activity that would qualify as a major spending commitment under this paragraph; or

(5) a project involving a combination of two or more of the activities in clauses (1) to (4).

The cost of acquisition of medical equipment, and the amount of a capital expenditure, is the total cost to the provider regardless of whether the cost is distributed over time through a lease arrangement or other financing or payment mechanism.

~~(d)~~ *(g)* [MEDICAL EQUIPMENT.] "Medical equipment" means fixed and movable equipment that is used by a provider in the provision of a health care service. "Medical equipment" includes, but is not limited to, the following:

(1) an extracorporeal shock wave lithotripter;

(2) a computerized axial tomography (CAT) scanner;

(3) a magnetic resonance imaging (MRI) unit;

(4) a positron emission tomography (PET) scanner; and

(5) emergency and nonemergency medical transportation equipment and vehicles.

~~(e)~~ *(h)* [NEW SPECIALIZED SERVICE.] "New specialized service" means a specialized health care procedure or treatment regimen offered by a provider that was not previously offered by the provider, including, but not limited to:

(1) cardiac catheterization services involving high-risk patients as defined in the Guidelines for Coronary Angiography established by the American Heart Association and the American College of Cardiology;

(2) heart, heart-lung, liver, kidney, bowel, or pancreas transplantation service, or any other service for transplantation of any other organ;

(3) megavoltage radiation therapy;

(4) open heart surgery;

(5) neonatal intensive care services; and

(6) any new medical technology for which premarket approval has been granted by the United States Food and Drug Administration, excluding implantable and wearable devices.

~~(f) [PROVIDER.] "Provider" means an individual, corporation, association, firm, partnership, or other entity that is regularly engaged in providing health care services in Minnesota.~~

Sec. 9. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

*Subd. 4a.* [EXPENDITURE REPORTING.] *(a)* [GENERAL REQUIREMENT.] *A provider making a major spending commitment after April 1, 1992, that is in excess of $500,000 shall submit notification of the expenditure to the commissioner and provide the commissioner with any relevant background information.*

*(b)* [REPORT.] *Notification must include a report, submitted within 60 days after the date of the major spending commitment, using terms conforming to the definitions in section 62J.03 and this section. Each report is subject to retrospective review and must contain:*

*(1) a detailed description of the major spending commitment and its purpose;*

*(2) the date of the major spending commitment;*

*(3) a statement of the expected impact that the major spending commitment will have on charges by the provider to patients and third party payors;*

*(4) a statement of the expected impact on the clinical effectiveness or quality of care received by the patients that the provider expects to serve;*

*(5) a statement of the extent to which equivalent services or technology are already available to the provider's actual and potential patient population;*

*(6) a statement of the distance from which the nearest equivalent services or technology are already available to the provider's actual and potential population;*

*(7) a statement describing the pursuit of any lawful collaborative arrangements; and*

*(8) a statement of assurance that the provider will not use, purchase, or perform health care technologies and procedures that are not clinically effective and cost-effective, unless the technology is used for experimental or research purposes to determine whether a technology or procedure is clinically effective and cost-effective.*

*The provider may submit any additional information that it deems relevant.*

*(c)* [ADDITIONAL INFORMATION.] *The commissioner may request additional information from a provider for the purpose of review of a report submitted by that provider, and may consider relevant information from other sources. A provider shall provide any information requested by the commissioner within the time period stated in the request, or within 30 days after the date of the request if the request does not state a time.*

*(d)* [FAILURE TO COMPLY.] *If the provider fails to submit a complete and timely expenditure report, including any additional information requested by the commissioner, the commissioner may make the provider's subsequent major spending commitments subject to the procedures of prospective review and approval under subdivision 6a.*

Sec. 10. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

*Subd. 5a.* [RETROSPECTIVE REVIEW.] *(a) The commissioner shall retrospectively review each major spending commitment and notify the provider of the results of the review. The commissioner shall determine whether the major spending commitment was appropriate. In making the determination, the commissioner may consider the following criteria: the major spending commitment's impact on the cost, access, and quality of health care; the clinical effectiveness and cost-effectiveness of the major spending commitment; and the alternatives available to the provider.*

*(b) The commissioner may not prevent or prohibit a major spending commitment subject to retrospective review. However, if the provider fails the retrospective review, any major spending commitments by that provider for the five-year period following the commissioner's decision are subject to prospective review under subdivision 6a.*

Sec. 11. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

*Subd. 6a.* [PROSPECTIVE REVIEW AND APPROVAL.] *(a)* [REQUIREMENT.] *No health care provider subject to prospective review under this subdivision shall make a major spending commitment unless:*

*(1) the provider has filed an application with the commissioner to proceed with the major spending commitment and has provided all supporting documentation and evidence requested by the commissioner; and*

*(2) the commissioner determines, based upon this documentation and evidence, that the major spending commitment is appropriate under the criteria provided in subdivision 5a in light of the alternatives available to the provider.*

*(b)* [APPLICATION.] *A provider subject to prospective review and approval shall submit an application to the commissioner before proceeding with any major spending commitment. The application must address each item listed in subdivision 4a, paragraph (a), and must also include documentation to support the response to each item. The provider may submit information, with supporting documentation, regarding why the major spending commitment should be excepted from prospective review under paragraph (d). The submission may be made either in addition to or instead of the submission of information relating to the items listed in subdivision 4a, paragraph (a).*

*(c)* [REVIEW.] *The commissioner shall determine, based upon the information submitted, whether the major spending commitment is appropriate under the criteria provided in subdivision 5a, or whether it should be excepted from prospective review under paragraph (d). In making this determination, the commissioner may also consider relevant information from other sources. At the request of the commissioner, the Minnesota health care commission shall convene an expert review panel made up of persons with knowledge and expertise regarding medical equipment, specialized services, health care expenditures, and capital expenditures to review applications and make recommendations to the commissioner. The commissioner shall make a decision on the application within 60 days after an application is received.*

*(d)* [EXCEPTIONS.] *The prospective review and approval process does not apply to:*

*(1) a major spending commitment to replace existing equipment with comparable equipment, if the old equipment will no longer be used in the state;*

*(2) a major spending commitment made by a research and teaching institution for purposes of conducting medical education, medical research supported or sponsored by a medical school or by a federal or foundation grant, or clinical trials;*

*(3) a major spending commitment to repair, remodel, or replace existing buildings or fixtures if, in the judgment of the commissioner, the project does not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided; and*

*(4) mergers, acquisitions, and other changes in ownership or control that, in the judgment of the commissioner, do not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided.*

*(e)* [NOTIFICATION REQUIRED FOR EXCEPTED MAJOR SPENDING COMMITMENT.] *A provider making a major spending commitment covered by paragraph (d) shall provide notification of the major spending commitment as provided under subdivision 4a.*

*(f)* [PENALTIES AND REMEDIES.] *The commissioner of health has the authority to issue fines, seek injunctions, and pursue other remedies as provided by law.*

Sec. 12. Minnesota Statutes 1992, section 62J.23, is amended by adding a subdivision to read:

*Subd. 4.* [INTEGRATED SERVICE NETWORKS.] *(a) The legislature finds that the formation and operation of integrated service networks will accomplish the purpose of the federal Medicare antikickback statute, which is to reduce the overutilization and overcharging that may result from inappropriate provider incentives. Accordingly, it is the public policy of the state of Minnesota to support the development of integrated service networks. The legislature finds that the federal Medicare antikickback laws should not be interpreted to interfere with the development of integrated service networks or to impose liability for arrangements between an integrated service network and its participating entities.*

*(b) An arrangement between an integrated service network and any or all of its participating entities is not subject to liability under subdivisions 1 and 2.*

Sec. 13. [62J.2911] [ANTITRUST EXCEPTIONS; PURPOSE.]

*The legislature finds that the goals of controlling health care costs and improving the quality of and access to health care services will be significantly enhanced by cooperative arrangements involving providers or purchasers that might be prohibited by state and federal antitrust laws if undertaken without governmental involvement. The purpose of sections 62J.2911 to 62J.2921 is to create an opportunity for the state to review proposed arrangements and to substitute regulation for competition when an arrangement is likely to result in lower costs, or greater access or quality, than would otherwise occur in the marketplace. The legislature intends that approval of arrangements be accompanied by appropriate conditions, supervision, and*

*regulation to protect against private abuses of economic power, and that an arrangement approved and supervised by the commissioner shall not be subject to state and federal antitrust liability.*

Sec. 14. [62J.2912] [DEFINITIONS.]

*Subdivision 1.* [SCOPE.] *For purposes of sections 62J.2911 to 62J.2921, the terms defined in this section have the meanings given them.*

*Subd. 2.* [ACCESS.] *"Access" means the financial, temporal, and geographic availability of health care to individuals who need it.*

*Subd. 3.* [APPLICANT.] *"Applicant" means the party or parties to an agreement or business arrangement for which the commissioner's approval is sought under this section.*

*Subd. 4.* [COMMISSIONER.] *"Commissioner" means the commissioner of health.*

*Subd. 5.* [CONTESTED CASE.] *"Contested case" means a proceeding conducted by the office of administrative hearings under sections 14.57 to 14.62.*

*Subd. 6.* [COST OR COST OF HEALTH CARE.] *"Cost" or "cost of health care" means the amount paid by consumers or third party payors for health care services or products. The commissioner's analysis of cost savings must focus on the individual consumer of health care. Cost savings to be realized by providers, health carriers, group purchasers, or other participants in the health care system are relevant only to the extent that the savings are likely to be passed on to the consumer. However, where an application is submitted by providers or purchasers who are paid primarily by third party payors unaffiliated with the applicant, it is sufficient for the applicant to show that cost savings are likely to be passed on to the unaffiliated third party payors; the applicants do not have the burden of proving that third party payors with whom the applicants are not affiliated will pass on cost savings to individuals receiving coverage through the third party payors.*

*Subd. 7.* [CRITERIA.] *"Criteria" means the cost, access, and quality of health care.*

*Subd. 8.* [HEALTH CARE PRODUCTS.] *"Health care products" means durable medical equipment and "medical equipment" as defined in section 62J.17, subdivision 2, paragraph (g).*

*Subd. 9.* [HEALTH CARE SERVICE.] *"Health care service" has the meaning given in section 62J.17, subdivision 2, paragraph (e).*

*Subd. 10.* [PERSON.] *"Person" means an individual or legal entity.*

Sec. 15. [62J.2913] [SCOPE.]

*Subdivision 1.* [AVAILABILITY OF EXCEPTION.] *Providers or purchasers wishing to engage in contracts, business or financial arrangements, or other activities, practices, or arrangements that might be construed to be violations of state or federal antitrust laws but which are in the best interests of the state and further the policies and goals of this chapter may apply to the commissioner for an exception.*

*Subd. 2.* [STATE ANTITRUST LAW.] *Notwithstanding the Minnesota antitrust law of 1971, as amended, in sections 325D.49 to 325D.66,*

*contracts, business or financial arrangements, or other activities, practices, or arrangements involving providers or purchasers that are approved by the commissioner under section 62J.2918 do not constitute an unlawful contract, combination, or conspiracy in unreasonable restraint of trade or commerce under sections 325D.49 to 325D.66. Approval by the commissioner is an absolute defense against any action under state antitrust laws, except as provided under section 62J.2921, subdivision 5.*

*Subd. 3.* [ATTORNEY GENERAL CANNOT USE APPLICATION TO PROSECUTE.] *The commissioner may ask the attorney general to comment on an application, but the application and any information obtained by the commissioner under sections 62J.2914 to 62J.2916 that is not otherwise available to the attorney general is not admissible in any proceeding brought by the attorney general based on an antitrust claim, except a proceeding brought under section 62J.2921, subdivision 5, based on an applicant's failure to substantially comply with the terms of the application.*

*Subd. 4.* [OUT-OF-STATE APPLICANTS.] *Providers or purchasers not physically located in Minnesota are eligible to seek an exception for arrangements in which they transact business in Minnesota as defined in section 295.51.*

Sec. 16. [62J.2914] [APPLICATION.]

*Subdivision 1.* [DISCLOSURE.] *An application for approval must include, to the extent applicable, disclosure of the following:*

*(1) a descriptive title;*

*(2) a table of contents;*

*(3) exact names of each party to the application and the address of the principal business office;*

*(4) the name, address, and telephone number of the persons authorized to receive notices and communications with respect to the application;*

*(5) a verified statement by a responsible officer of each party to the application attesting to the accuracy and completeness of the enclosed information;*

*(6) background information relating to the proposed arrangement, including:*

*(i) a description of the proposed arrangement, including a list of any services or products that are the subject of the proposed arrangement;*

*(ii) an identification of any tangential services or products associated with the services or products that are the subject of the proposed arrangement;*

*(iii) a description of the geographic territory involved in the proposed arrangement;*

*(iv) if the geographic territory described in item (iii), is different from the territory in which the applicants have engaged in the type of business at issue over the last five years, a description of how and why the geographic territory differs;*

*(v) identification of all products or services that a substantial share of*

*consumers would consider substitutes for any service or product that is the subject of the proposed arrangement;*

*(vi) identification of whether any services or products of the proposed arrangement are currently being offered, capable of being offered, utilized, or capable of being utilized by other providers or purchasers in the geographic territory described in item (iii);*

*(vii) identification of the steps necessary, under current market and regulatory conditions, for other parties to enter the territory described in item (iii) and compete with the applicant;*

*(viii) a description of the previous history of dealings between the parties to the application;*

*(ix) a detailed explanation of the projected effects, including expected volume, change in price, and increased revenue, of the arrangement on each party's current businesses, both generally as well as the aspects of the business directly involved in the proposed arrangement;*

*(x) the present market share of the parties to the application and of others affected by the proposed arrangement, and projected market shares after implementation of the proposed arrangement;*

*(xi) a statement of why the projected levels of cost, access, or quality could not be achieved in the existing market without the proposed arrangement; and*

*(xii) an explanation of how the arrangement relates to any Minnesota health care commission or applicable regional coordinating board plans for delivery of health care; and*

*(7) a detailed explanation of how the transaction will affect cost, access, and quality. The explanation must address the factors in section 62J.2917, subdivision 2, paragraphs (b) to (d), to the extent applicable.*

*Subd. 2.* [STATE REGISTER NOTICE.] *In addition to the disclosures required in subdivision 1, the application must contain a written description of the proposed arrangement for purposes of publication in the State Register. The notice must include sufficient information to advise the public of the nature of the proposed arrangement, and to enable the public to provide meaningful comments concerning the expected results of the arrangement. The notice must also state that any person may provide written comments to the commissioner, with a copy to the applicant, within 20 days of the notice's publication. The commissioner shall approve the notice before publication. If the commissioner determines that the submitted notice does not provide sufficient information, the commissioner may amend the notice before publication and may consult with the applicant in preparing the amended notice. The commissioner shall not publish an amended notice without the applicant's approval.*

*Subd. 3.* [MULTIPLE PARTIES TO A PROPOSED ARRANGEMENT.] *For a proposed arrangement involving multiple parties, one joint application must be submitted on behalf of all parties to the arrangement.*

*Subd. 4.* [FILING FEE.] *An application must be accompanied by a filing fee of $....., which must be deposited in the health care access fund. The total of the deposited application fees is appropriated annually to the commissioner to administer the antitrust exceptions program.*

*Subd. 5.* [TRADE SECRET INFORMATION; PROTECTION.] *Trade secret information, as defined in section 13.37, subdivision 1, paragraph (b), must be protected to the extent required under chapter 13.*

*Subd. 6.* [COMMISSIONER'S AUTHORITY TO REFUSE TO REVIEW.] *(a) If the commissioner determines that an application is unclear, incomplete, or provides an insufficient basis on which to base a decision, the commissioner may return the application. The applicant may complete or revise the application and resubmit it.*

*(b) If, upon review of the application and upon advice from the attorney general, the commissioner concludes that the proposed arrangement does not present any potential for liability under the state or federal antitrust laws, the commissioner may decline to review the application, and so notify the applicant.*

*(c) The commissioner may decline to review any application relating to arrangements already in effect before the submission of the application. However, the commissioner shall review any application if the review is expressly provided for in a settlement agreement entered into before the enactment of this section by the applicant and the attorney general.*

Sec. 17. [62J.2915] [NOTICE AND COMMENT.]

*Subdivision 1.* [NOTICE.] *The commissioner shall cause the notice described in section 62J.2914, subdivision 2, to be published in the State Register, and sent to the Minnesota health care commission, the regional coordinating boards for any regions that include all or part of the territory covered by the proposed arrangement and any person who has requested to be placed on a list to receive notice of applications. The commissioner may maintain separate notice lists for different regions of the state. The commissioner may also send a copy of the notice to any person together with a request that the person comment as provided under subdivision 2. Copies of the request must be provided to the applicant.*

*Subd. 2.* [COMMENTS.] *Within 20 days after the notice is published, any person may submit to the commissioner written comments with respect to the application. Persons submitting comments shall provide a copy of the comments to the applicant. The applicant may submit to the commissioner written responses to comments within ten days after the deadline for submitting comments. The applicant shall send a copy of the response to the person submitting the comment.*

Sec. 18. [62J.2916] [PROCEDURE FOR REVIEW OF APPLICATIONS.]

*Subdivision 1.* [CHOICE OF PROCEDURES.] *After the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall select one of the three procedures provided in subdivision 2. In determining which procedure to use, the commissioner shall consider the following criteria:*

*(1) the size of the proposed arrangement, in terms of number of parties and amount of money involved;*

*(2) the complexity of the proposed arrangement;*

*(3) the novelty of the proposed arrangement;*

*(4) the substance and quantity of the comments received;*

*(5) any comments received from the Minnesota health care commission or regional coordinating boards; and*

*(6) the presence or absence of any significant gaps in the factual record.*

*If the applicant demands a contested case hearing no later than the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall not select a procedure. Instead, the applicant shall be given a contested case proceeding as a matter of right.*

*Subd. 2.* [PROCEDURES AVAILABLE.] *(a)* [DECISION ON THE WRITTEN RECORD.] *The commissioner may issue a decision based on the application, the comments and the applicant's responses to the comments, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.*

*(b)* [LIMITED HEARING.] *(1) The commissioner may order a limited hearing. A copy of the order must be mailed to the applicant and to all persons who have submitted comments or requested to be kept informed of the proceedings involving the application. The order must state the date, time, and location of the limited hearing, and must identify specific issues to be addressed at the limited hearing. The issues may include the feasibility and desirability of one or more alternatives to the proposed arrangement. The order must require the applicant to submit written evidence, in the form of affidavits and supporting documents, addressing the issues identified, within 20 days after the date of the order. The order shall also state that any person may arrange to receive a copy of the written evidence from the commissioner, at the person's expense, and may provide written comments on the evidence within 40 days after the date of the order. A person providing written comments shall provide a copy of the comments to the applicant.*

*(2) The limited hearing must be held before the commissioner or department of health staff member designated by the commissioner. The commissioner or the commissioner's designee shall question the applicant about the evidence submitted by the applicant. The questions may address relevant issues identified in the comments submitted in response to the written evidence, or identified by department of health staff or brought to light by department of health data. At the conclusion of the applicant's responses to the questions, any person who submitted comments about the applicant's written evidence may make a statement addressing the applicant's responses to the questions. The commissioner or the commissioner's designee may ask questions of any person making a statement. At the conclusion of all statements, the applicant may make a closing statement.*

*(3) The commissioner's decision after a limited hearing must be based upon the application, the comments, the applicant's response to the comments, the applicant's written evidence, the comments in response to the written evidence, and the information presented at the limited hearing, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.*

*(c)* [CONTESTED CASE HEARING.] *The commissioner may order a contested case hearing. A contested case hearing shall be tried before an administrative law judge who shall issue a written recommendation to the commissioner, and shall follow the procedures in sections 14.57 to 14.62. All*

*factual issues relevant to a decision must be presented in the contested case. The attorney general may appear as a party. Additional parties may appear to the extent permitted under sections 14.57 to 14.62. The record in the contested case includes the application, the comments, the applicant's response to the comments, and any other evidence that is part of the record under sections 14.57 to 14.62.*

Sec. 19. [62J.2917] [CRITERIA FOR DECISION.]

*Subdivision 1.* [CRITERIA.] *The commissioner shall not approve an application unless the commissioner determines that the arrangement is more likely to result in lower costs, increased access, or increased quality of health care, than would otherwise occur under existing market conditions or conditions likely to develop without an exemption from state and federal antitrust law. In the event that a proposed arrangement appears likely to improve one or two of the criteria at the expense of another one or two of the criteria, the commissioner shall not approve the application unless the commissioner determines that the proposed arrangement, taken as a whole, is likely to substantially further the purpose of this chapter. In making such a determination, the commissioner may employ a cost/benefit analysis.*

*Subd. 2.* [FACTORS.] *(a)* [GENERALLY APPLICABLE FACTORS.] *In making a determination about cost, access, and quality, the commissioner may consider the following factors, to the extent relevant:*

*(1) whether the proposal is compatible with the cost containment plan or other plan of the Minnesota health care commission or the applicable regional plans of the regional coordinating boards;*

*(2) market structure:*

*(i) actual and potential sellers and buyers, or providers and purchasers;*

*(ii) actual and potential consumers;*

*(iii) geographic market area; and*

*(iv) entry conditions;*

*(3) current market conditions;*

*(4) the historical behavior of the market;*

*(5) performance of other, similar arrangements;*

*(6) whether the proposal unnecessarily restrains competition, or restrains competition in ways not reasonably related to the purposes of this chapter; and*

*(7) the financial condition of the applicant.*

*(b)* [COST.] *In making determinations as to costs, the commissioner may consider:*

*(1) the cost savings likely to result to the applicant;*

*(2) the extent to which the cost savings are likely to be passed on to the consumer and in what form;*

*(3) the extent to which the proposed arrangement is likely to result in cost*

*shifting by the applicant onto other payors or purchasers of other products or services;*

*(4) the extent to which the cost shifting by the applicant is likely to be followed by other persons in the market;*

*(5) the current and anticipated supply and demand for any products or services at issue;*

*(6) the representations and guarantees of the applicant, and their enforceability;*

*(7) likely effectiveness of regulation by the commissioner;*

*(8) inferences to be drawn from market structure;*

*(9) the cost of regulation, both for the state and for the applicant; and*

*(10) any other factors tending to show that the proposed arrangement is or is not likely to reduce cost.*

*(c)* [ACCESS.] *In making determinations as to access, the commissioner may consider:*

*(1) the extent to which the utilization of needed health care services or products by the intended targeted population is likely to increase or decrease. When a proposed arrangement is likely to increase access in one geographic area, by lowering prices or otherwise expanding supply, but limits access in another geographic area by removing service capabilities from that second area, the commissioner shall articulate the criteria employed to balance these effects;*

*(2) the extent to which the proposed arrangement is likely to make available a new service or product to a certain geographic area; and*

*(3) the extent to which the proposed arrangement is likely to otherwise make health care services or products more financially or geographically available to persons who need them.*

*If the commissioner determines that the proposed arrangement is likely to increase access, the commissioner shall also determine and make a specific finding that the increased access is not due to overutilization of the product or service for which access is expanded.*

*(d)* [QUALITY.] *In making determinations as to quality, the commissioner may consider the extent to which the proposed arrangement is likely to:*

*(1) decrease morbidity and mortality;*

*(2) result in faster convalescence;*

*(3) result in fewer hospital days;*

*(4) permit providers to attain needed experience or frequency of treatment, leading to better outcomes;*

*(5) increase patient satisfaction; and*

*(6) have any other features likely to improve or reduce the quality of health care.*

Sec. 20. [62J.2918] [DECISION.]

*Subdivision 1.* [APPROVAL OR DISAPPROVAL.] *The commissioner shall issue a written decision approving or disapproving the application. The commissioner may condition approval on a modification of all or part of the proposed arrangement to eliminate any restriction on competition that is not reasonably related to the goals of reducing cost or improving access or quality. The commissioner may also establish conditions for approval that are reasonably necessary to protect against abuses of private economic power and to ensure that the arrangement is appropriately supervised and regulated by the state.*

*Subd. 2.* [FINDINGS OF FACT.] *The commissioner's decision shall make specific findings of fact concerning the cost, access, and quality criteria, and identify one or more of those criteria as the basis for the decision.*

*Subd. 3.* [DATA FOR SUPERVISION.] *A decision approving an application must require the periodic submission of specific data relating to cost, access, and quality, and to the extent feasible, identify objective standards of cost, access, and quality by which the success of the arrangement will be measured. However, if the commissioner determines that the scope of a particular proposed arrangement is such that the arrangement is certain to have neither a positive or negative impact on one or two of the criteria, the commissioner's decision need not require the submission of data or establish an objective standard relating to those criteria.*

Sec. 21. [62J.2919] [APPEAL.]

*After the commissioner has rendered a decision, the applicant or any other person aggrieved may appeal the decision to the Minnesota court of appeals within 30 days after receipt of the commissioner's decision. The appeal is governed by sections 14.63 to 14.69. The appellate process does not include a contested case under sections 14.57 to 14.62. The commissioner's determination, under section 62J.2916, subdivision 1, of which procedure to use may not be raised as an issue on appeal.*

Sec. 22. [62J.2920] [SUPERVISION AFTER APPROVAL.]

*Subdivision 1.* [ACTIVE SUPERVISION.] *The commissioner shall actively supervise, monitor, and regulate approved arrangements.*

*Subd. 2.* [PROCEDURES.] *The commissioner shall review data submitted periodically by the applicant. The commissioner's order shall set forth the time schedule for the submission of data, which shall be at least once a year. The commissioner's order must identify the data that must be submitted, although the commissioner may subsequently require the submission of additional data or alter the time schedule. Upon review of the data submitted, the commissioner shall notify the applicant of whether the arrangement is in compliance with the commissioner's order. If the arrangement is not in compliance with the commissioner's order, the commissioner shall identify those respects in which the arrangement does not conform to the commissioner's order.*

*An applicant receiving notification that an arrangement is not in compliance has 30 days in which to respond with additional data. The response may include a proposal and a time schedule by which the applicant will bring the arrangement into compliance with the commissioner's order. If the arrangement is not in compliance and the commissioner and the applicant cannot*

*agree to the terms of bringing the arrangement into compliance, the matter shall be set for a contested case hearing.*

*The commissioner shall publish notice in the State Register two years after the date of an order approving an application, and at two-year intervals thereafter, soliciting comments from the public concerning the impact that the arrangement has had on cost, access, and quality. The commissioner may request additional oral or written information from the applicant or from any other source.*

*Subd. 3.* [STUDY.] *The commissioner shall study and make recommendations by January 15, 1995, on the appropriate length and scope of active supervision of arrangements approved for exemption from the antitrust laws.*

Sec. 23. [62J.2921] [REVOCATION.]

*Subdivision 1.* [CONDITIONS.] *The commissioner may revoke approval of a cooperative arrangement only if:*

*(1) the arrangement is not in substantial compliance with the terms of the application;*

*(2) the arrangement is not in substantial compliance with the conditions of approval;*

*(3) the arrangement has not and is not likely to substantially achieve the improvements in cost, access, or quality identified in the approval order as the basis for the commissioner's approval of the arrangement; or*

*(4) the conditions in the marketplace have changed to such an extent that competition would promote reductions in cost and improvements in access and quality better than does the arrangement at issue. In order to revoke on the basis that conditions in the marketplace have changed, the commissioner's order must identify specific changes in the marketplace and articulate why those changes warrant revocation.*

*Subd. 2.* [NOTICE.] *The commissioner shall begin a proceeding to revoke approval by providing written notice to the applicant describing in detail the basis for the proposed revocation. Notice of the proceeding must be published in the State Register and submitted to the Minnesota health care commission and the applicable regional coordinating boards. The notice must invite the submission of comments to the commissioner.*

*Subd. 3.* [PROCEDURE.] *A proceeding to revoke an approval must be conducted as a contested case proceeding upon the written request of the applicant. Decisions of the commissioner in a proceeding to revoke approval are subject to judicial review under sections 14.63 to 14.69.*

*Subd. 4.* [ALTERNATIVES TO REVOCATION PREFERRED.] *In deciding whether to revoke an approval, the commissioner shall take into account the hardship that the revocation may impose on the applicant, and any potential disruption of the market as a whole. The commissioner shall not revoke an approval if the arrangement can be modified, restructured, or regulated so as to remedy the problem upon which the revocation proceeding is based. The applicant may submit proposals for alternatives to revocation. Before approving an alternative to revocation that involves modifying or restructuring an arrangement, the commissioner shall publish notice in the State Register that any person may comment on the proposed modification or restructuring within 20 days after publication of the notice. The commissioner*

*shall not approve the modification or restructuring until the comment period has concluded. An approved, modified, or restructured arrangement is subject to active supervision under section 62J.2920.*

*Subd. 5.* [IMPACT OF REVOCATION.] *An applicant that has had its approval revoked is not required to terminate the arrangement. The applicant cannot be held liable under state or federal antitrust law for acts that occurred while the approval was in effect, except to the extent that the applicant failed to substantially comply with the terms of its application or failed to substantially comply with the terms of the approval. The applicant is fully subject to state and federal antitrust law after the revocation becomes effective, and may be held liable for acts that occur after the revocation.*

Sec. 24. [UNIVERSAL COVERAGE PLAN.]

*The health care commission shall develop and submit to the legislature and the governor by December 15, 1993, a comprehensive plan that will lead to universal health coverage for all Minnesotans by January 1, 1997. The plan must include an implementation plan and time schedule for the coordinated phasing in of health insurance reforms, changes or expansions in government programs, and other actions recommended by the commission. The plan must also include annual targets for expanding coverage to uninsured persons and populations and periodic evaluations of the progress being made toward achieving annual targets and universal coverage.*

Sec. 25. [REPEALER.]

*Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; and 62J.29, are repealed.*

Sec. 26. [EFFECTIVE DATE.]

*Sections 1 to 25 are effective the day following final enactment. Sections 8 to 11 apply retroactively to any major spending commitment entered into after April 1, 1992, except that the requirements of section 62J.17, subdivision 4a, paragraph (a), that a report be submitted within 60 days after a major spending commitment and that a report include the items specifically listed are not retroactive.*

## ARTICLE 8

## SMALL EMPLOYER INSURANCE REFORM

Section 1. Minnesota Statutes 1992, section 62L.02, subdivision 26, is amended to read:

Subd. 26. [SMALL EMPLOYER.] "Small employer" means a person, firm, corporation, partnership, association, or other entity actively engaged in business who, on at least 50 percent of its working days during the preceding calendar year, employed no fewer than two nor more than 29 eligible employees, the majority of whom were employed in this state. If a small employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other, except that a small employer plan may be offered through a domiciled association to self-employed individuals and small employers who are members of the association, even if the self-employed individual or small employer has fewer than two employees or the employees are family members. Entities that are eligible to file a combined tax return for purposes of state tax laws are considered a

single employer for purposes of determining the number of eligible employees. Small employer status must be determined on an annual basis as of the renewal date of the health benefit plan. The provisions of this chapter continue to apply to an employer who no longer meets the requirements of this definition until the annual renewal date of the employer's health benefit plan. Where an association, described in section 62A.10, subdivision 1, comprised of employers contracts with a health carrier to provide coverage to its members who are small employers, the association may elect to be considered to be a small employer, even though the association provides coverage to more than 29 employees of its members, so long as each employer that is provided coverage through the association qualifies as a small employer. An association's election to be considered a small employer under this section is not effective unless filed with the commissioner of commerce *and unless the association notifies a health carrier of the election before purchasing coverage from the carrier*. The association may revoke its election at any time by filing notice of revocation with the commissioner. *If an employer has employees covered under a trust established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq., as amended, those employees are excluded in determining whether the employer qualifies as a small employer.*

Sec. 2. Minnesota Statutes 1992, section 62L.02, subdivision 27, is amended to read:

Subd. 27. [SMALL EMPLOYER MARKET.] (a) "Small employer market" means the market for health benefit plans for small employers.

(b) A health carrier is considered to be participating in the small employer market if the carrier offers, sells, issues, or renews a health benefit plan to: (1) any small employer; or (2) the eligible employees of a small employer offering a health benefit plan if, with the knowledge of the health carrier, ~~both~~ *either* of the following conditions ~~are~~ *is* met:

(i) any portion of the premium or benefits is paid for or reimbursed by a small employer; ~~and~~ *or*

(ii) the health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of the Internal Revenue Code, section 106, 125, or 162.

Sec. 3. Minnesota Statutes 1992, section 62L.03, subdivision 3, is amended to read:

Subd. 3. [MINIMUM PARTICIPATION.] (a) A small employer that has at least 75 percent of its eligible employees who have not waived coverage participating in a health benefit plan must be guaranteed coverage from any health carrier participating in the small employer market. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. A health carrier may not increase the participation requirements applicable to a small employer at any time after the small employer has been accepted for coverage. For the purposes of this subdivision, waiver of coverage includes only waivers due to coverage under another group health plan. *If a small employer does not satisfy the 75 percent participation requirement, a health carrier may decline to issue or renew coverage. If a health carrier voluntarily issues or renews a health*

*benefit plan in that situation, the health benefit plan must fully comply with this chapter.*

(b) A health carrier may require that small employers contribute a specified minimum percentage toward the cost of the coverage of eligible employees, so long as the requirement is uniformly applied for all small employers *and for all types of health benefit plans, except for the small employer plans. If a small employer does not satisfy a health carrier's contribution requirement under this paragraph, the health carrier shall not issue or renew a health benefit plan to the small employer and shall not issue or renew individual coverage to the small employer's employees or their dependents, except as permitted under section 62L.12, subdivision 2.*

*(c)* For the small employer plans, a health carrier ~~must~~ *shall* require that small employers contribute at least 50 percent of the cost of the coverage of eligible employees. The health carrier ~~must~~ *shall* impose this *small employer plan contribution* requirement on a uniform basis for both small employer plans and for all small employers *seeking to purchase a small employer plan. If a small employer does not satisfy the contribution requirement under this paragraph, a health carrier shall not issue or renew a small employer plan to the small employer and shall not issue or renew individual coverage to the small employer's employees or their dependents, except as permitted under section 62L.12, subdivision 2.*

~~(c)~~ *(d)* Nothing in this section obligates a health carrier to issue coverage to a small employer that currently offers coverage through a health benefit plan from another health carrier, unless the new coverage will replace the existing coverage and not serve as one of two or more health benefit plans offered by the employer.

Sec. 4. Minnesota Statutes 1992, section 62L.03, subdivision 4, is amended to read:

Subd. 4. [UNDERWRITING RESTRICTIONS.] Health carriers may apply underwriting restrictions to coverage for health benefit plans for small employers, including any preexisting condition limitations, only as expressly permitted under this chapter. *For purposes of this subdivision, "underwriting restrictions" means any refusal of the health carrier to issue or renew coverage, any premium rate higher than the lowest rate charged by the health carrier for the same coverage, or any preexisting condition limitation or exclusion.* Health carriers may collect information relating to the case characteristics and demographic composition of small employers, as well as health status and health history information about employees of small employers. Except as otherwise authorized for late entrants, preexisting conditions may be excluded by a health carrier for a period not to exceed 12 months from the effective date of coverage of an eligible employee or dependent. When calculating a preexisting condition limitation, a health carrier shall credit the time period an eligible employee or dependent was previously covered by qualifying prior coverage, provided that the individual maintains continuous coverage. Late entrants may be subject to a preexisting condition limitation not to exceed 18 months from the effective date of coverage of the late entrant. Late entrants may also be excluded from coverage for a period not to exceed 18 months, provided that if a health carrier imposes an exclusion from coverage and a preexisting condition limitation, the combined time period for both the coverage exclusion and preexisting condition limitation must not exceed 18 months.

Sec. 5. Minnesota Statutes 1992, section 62L.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY OF CHAPTER REQUIREMENTS.] Beginning July 1, 1993, health carriers participating in the small employer market must offer and make available any health benefit plan that they offer, including both of the small employer plans provided in section 62L.05, to all small employers who satisfy the small employer participation *and contribution* requirements specified in this chapter. Compliance with these requirements is required as of the first renewal date of any small employer group occurring after July 1, 1993. For new small employer business, compliance is required as of the first date of offering occurring after July 1, 1993.

Compliance with these requirements is required as of the first renewal date occurring after July 1, 1994, with respect to employees of a small employer who had been issued individual coverage prior to July 1, 1993, administered by the health carrier on a group basis. Notwithstanding any other law to the contrary, the health carrier shall terminate any individual coverage for employees of small employers who satisfy the small employer participation requirements specified in section 62L.03 and offer to replace it with a health benefit plan. If the employer elects not to purchase a health benefit plan, the health carrier must offer all covered employees and dependents the option of maintaining their current coverage, administered on an individual basis, or replacement individual coverage. Small employer and replacement individual coverage provided under this subdivision must be without application of underwriting restrictions, provided continuous coverage is maintained.

Sec. 6. Minnesota Statutes 1992, section 62L.05, subdivision 4, is amended to read:

Subd. 4. [BENEFITS.] The medical services and supplies listed in this subdivision are the benefits that must be covered by the small employer plans described in subdivisions 2 and 3:

(1) inpatient and outpatient hospital services, excluding services provided for the diagnosis, care, or treatment of chemical dependency or a mental illness or condition, other than those conditions specified in clauses (10), (11), and (12);

(2) physician, *chiropractor,* and nurse practitioner services for the diagnosis or treatment of illnesses, injuries, or conditions;

(3) diagnostic X-rays and laboratory tests;

(4) ground transportation provided by a licensed ambulance service to the nearest facility qualified to treat the condition, or as otherwise required by the health carrier;

(5) services of a home health agency if the services qualify as reimbursable services under Medicare ~~and are directed by a physician or qualify as reimbursable under the health carrier's most commonly sold health plan for insured group coverage~~;

(6) services of a private duty registered nurse if medically necessary, as determined by the health carrier;

(7) the rental or purchase, as appropriate, of durable medical equipment, other than eyeglasses and hearing aids;

(8) child health supervision services up to age 18, as defined in section 62A.047;

(9) maternity and prenatal care services, as defined in sections 62A.041 and 62A.047;

(10) inpatient hospital and outpatient services for the diagnosis and treatment of certain mental illnesses or conditions, as defined by the International Classification of Diseases-Clinical Modification (ICD-9-CM), seventh edition (1990) and as classified as ICD-9 codes 295 to 299;

(11) ten hours per year of outpatient mental health diagnosis or treatment for illnesses or conditions not described in clause (10);

(12) 60 hours per year of outpatient treatment of chemical dependency; and

(13) 50 percent of eligible charges for prescription drugs, up to a separate annual maximum out-of-pocket expense of $1,000 per individual for prescription drugs, and 100 percent of eligible charges thereafter.

Sec. 7. Minnesota Statutes 1992, section 62L.05, subdivision 6, is amended to read:

Subd. 6. [CHOICE PRODUCTS EXCEPTION.] Nothing in subdivision 1 prohibits a health carrier from offering a small employer plan which provides for different benefit coverages based on whether the benefit is provided through a primary network of providers or through a secondary network of providers so long as the benefits provided in the primary network equal the benefit requirements of the small employer plan as described in this section. For purposes of products issued under this subdivision, out-of-pocket costs in the secondary network may exceed the out-of-pocket limits described in subdivision 1. *A secondary network must not be used to provide "benefits in addition" as defined in subdivision 5, except in compliance with that subdivision.*

Sec. 8. Minnesota Statutes 1992, section 62L.09, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO COMMISSIONER.] A health carrier electing to cease doing business in the small employer market shall notify the commissioner 180 days prior to the effective date of the cessation. ~~The cessation of business does not include the failure of a health carrier to offer or issue new business in the small employer market or continue an existing product line, provided that a health carrier does not terminate, cancel, or fail to renew its current small employer business or other product lines.~~ *The health carrier shall simultaneously provide a copy of the notice to each small employer covered by a health benefit plan issued by the health carrier.*

*Upon making the notification, the health carrier shall not offer or issue new business in the small employer market. The health carrier shall renew its current small employer business due for renewal within 120 days after the date of the notification, but shall not renew any small employer business more than 120 days after the date of the notification.*

*A health carrier that elects to cease doing business in the small employer market shall continue to be governed by this chapter with respect to any continuing small employer business conducted by the health carrier.*

Sec. 9. [REPEALER.]

*Minnesota Statutes 1992, section 62L.09, subdivision 2, is repealed.*

Sec. 10. [EFFECTIVE DATE.]

*Sections 1 to 9 are effective July 1, 1993.*

ARTICLE 9

INDIVIDUAL MARKET REFORM; MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, a health care policy form or certificate form shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policy form or certificate form can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policy form or certificate form, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of policies issued in the individual market, calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. ~~A health carrier shall demonstrate that the third year loss ratio is greater than or equal to the applicable percentage.~~ Assessments by the reinsurance association created in chapter 62L and any types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policy forms and certificate forms issued in the small employer market, as defined in section 62L.02, increases by one percentage point on ~~July~~ *January* 1 of each year *beginning on January 1, 1995*, until an 80 percent loss ratio is reached on ~~July~~ *January* 1, ~~1998~~ *1999*. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on ~~July~~ *January* 1 of each year, until a 70 percent loss ratio is reached on ~~July~~ *January* 1, ~~1998~~ *1999. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period.* Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

Notwithstanding section 645.26, any act enacted at the 1992 regular legislative session that amends or repeals section 62A.135 or that otherwise changes the loss ratios provided in that section is void.

All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can

be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. ~~An expected third-year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policy forms or certificate forms in force less than three years.~~ If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

For purposes of this section, (1) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (2) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

*The first period for which the loss ratio required by this section must be calculated is the 18-month period beginning July 1, 1993. Beginning January 1, 1995, the loss ratio must be calculated on a calendar year basis.*

Sec. 2. Minnesota Statutes 1992, section 62A.65, is amended to read:

62A.65 [INDIVIDUAL MARKET REGULATION.]

Subdivision 1. [APPLICABILITY.] No health carrier, as defined in ~~chapter 62L~~ *section 62A.011*, shall offer, sell, issue, or renew any individual ~~policy of accident and sickness coverage, as defined in section 62A.01, subdivision 1, any individual subscriber contract regulated under chapter 62C, any individual health maintenance contract regulated under chapter 62D, any individual health benefit certificate regulated under chapter 64B, or any individual health coverage provided by a multiple employer welfare arrangement,~~ *health plan, as defined in section 62A.011,* to a Minnesota resident except in compliance with this section. ~~For purposes of this section, "health benefit plan" has the meaning given in chapter 62L, except that the term means individual coverage, including family coverage, rather than employer group coverage.~~ This section does not apply to the comprehensive health association established in section 62E.10 ~~or to coverage described in section 62A.31, subdivision 1, paragraph (h), or to long-term care policies as defined in section 62A.46, subdivision 2~~.

Subd. 2. [GUARANTEED RENEWAL.] No *individual* health ~~benefit~~ plan may be offered, sold, issued, or renewed to a Minnesota resident unless the health ~~benefit~~ plan provides that the plan is guaranteed renewable at a premium rate that does not take into account the claims experience or any change in the health status of any covered person that occurred after the initial issuance of the health ~~benefit~~ plan to the person. The premium rate upon renewal must also otherwise comply with this section. ~~A~~ *An individual* health ~~benefit~~ plan may be subject to refusal to renew only under the conditions provided in chapter 62L *for health benefit plans*.

Subd. 3. [PREMIUM RATE RESTRICTIONS.] No *individual* health ~~benefit~~ plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the rating and premium restrictions provided under chapter 62L, except *that* the minimum loss ratio applicable to *an* individual ~~coverage~~ *health plan* is as provided in section 62A.021. All ~~provisions~~ *rating and premium restrictions* of chapter 62L apply to ~~rating and premium restrictions in~~ the individual market, unless clearly inapplicable to the individual market.

Subd. 4. [GENDER RATING PROHIBITED.] No *individual* health ~~benefit~~ plan offered, sold, issued, or renewed to a Minnesota resident may determine the premium rate or any other underwriting decision, including initial issuance, on the gender of any person covered or to be covered under the health ~~benefit~~ plan.

Subd. 5. [PORTABILITY OF COVERAGE.] (a) No *individual* health ~~benefit~~ plan may be offered, sold, *or* issued~~, or renewed~~ to a Minnesota resident that contains a preexisting condition limitation or exclusion, unless the limitation or exclusion would be permitted under chapter 62L *provided that underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage*. The individual may be treated as a late entrant, as defined in chapter 62L, unless the individual has maintained continuous coverage as defined in chapter 62L. An individual who has maintained continuous coverage may be subjected to a one-time preexisting condition limitation as permitted under chapter 62L for persons who are not late entrants, at the time that the individual first is covered ~~by~~ *under an* individual ~~coverage~~ *health plan by any health carrier*. Thereafter, the person must not be subject to any preexisting condition limitation *under an individual health plan by any health carrier*,

except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage.

(b) A health carrier must offer *an* individual ~~coverage~~ *health plan* to any individual previously covered under a group health benefit plan issued by that health carrier, so long as the individual maintained continuous coverage as defined in chapter 62L. ~~Coverage~~ *A health plan* issued under this paragraph must not contain any preexisting condition limitation or exclusion, except for any unexpired limitation or exclusion under the previous coverage. The initial premium rate for the individual ~~coverage~~ *health plan* must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2.

Subd. 6. [GUARANTEED ISSUE NOT REQUIRED.] Nothing in this section requires a health carrier to initially issue a health ~~benefit~~ plan to a Minnesota resident, except as otherwise expressly provided in subdivision 4 or 5.

Sec. 3. Minnesota Statutes 1992, section 62E.02, subdivision 23, is amended to read:

Subd. 23. [CONTRIBUTING MEMBER.] "Contributing member" means those companies regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance; health maintenance organizations regulated under chapter 62D; nonprofit health service plan corporations regulated under chapter 62C; fraternal benefit societies regulated under chapter 64B; the private employers insurance program established in section 43A.317, effective July 1, 1993; *integrated service networks operating under chapter 62N;* and joint self-insurance plans regulated under chapter 62H. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization shall be considered to be accident and health insurance premiums.

Sec. 4. Minnesota Statutes 1992, section 62E.10, subdivision 1, is amended to read:

Subdivision 1. [CREATION; TAX EXEMPTION.] There is established a comprehensive health association to promote the public health and welfare of the state of Minnesota with membership consisting of all insurers; self-insurers; fraternals; joint self-insurance plans regulated under chapter 62H; the private employers insurance program established in section 43A.317, effective July 1, 1993; *integrated service networks operating under chapter 62N;* and health maintenance organizations licensed or authorized to do business in this state. The comprehensive health association shall be exempt from taxation under the laws of this state and all property owned by the association shall be exempt from taxation.

Sec. 5. Minnesota Statutes 1992, section 62E.10, subdivision 3, is amended to read:

Subd. 3. [MANDATORY MEMBERSHIP.] All members shall maintain their membership in the association as a condition of doing accident and health insurance, self-insurance, *integrated service network,* or health maintenance organization business in this state. The association shall submit its articles, bylaws and operating rules to the commissioner for approval;

provided that the adoption and amendment of articles, bylaws and operating rules by the association and the approval by the commissioner thereof shall be exempt from the provisions of sections 14.001 to 14.69.

Sec. 6. Minnesota Statutes 1992, section 62E.11, subdivision 12, is amended to read:

Subd. 12. [FUNDING.] Notwithstanding subdivision 5, the claims expenses and operating and administrative expenses of the association incurred on or after January 1, 1994, *to the extent that they exceed the premiums received,* shall be paid from the health care access account established in section 16A.724, to the extent appropriated for that purpose by the legislature. Any such expenses not paid from that account shall be paid as otherwise provided in this section. All contributing members shall adjust their premium rates to fully reflect funding provided under this subdivision. The commissioner of commerce or the commissioner of health, as appropriate, shall require contributing members to prove compliance with this rate adjustment requirement.

Sec. 7. Minnesota Statutes 1992, section 62L.02, subdivision 16, is amended to read:

Subd. 16. [HEALTH CARRIER.] "Health carrier" means an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; *an integrated service network;* a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; and a multiple employer welfare arrangement, as defined in United States Code, title 29, section 1002(40), as amended through December 31, 1991. For the purpose of this chapter, companies that are affiliated companies or that are eligible to file a consolidated tax return must be treated as one carrier, except that any insurance company or health service plan corporation that is an affiliate of a health maintenance organization located in Minnesota, or any health maintenance organization located in Minnesota that is an affiliate of an insurance company or health service plan corporation, or any health maintenance organization that is an affiliate of another health maintenance organization in Minnesota, may treat the health maintenance organization as a separate carrier.

Sec. 8. [EFFECTIVE DATE.]

*Sections 1, 2, and 6 are effective July 1, 1993. Sections 3, 4, 5, and 7 are effective January 1, 1994.*

## ARTICLE 10

## MINNESOTACARE PROGRAM

Section 1. Minnesota Statutes 1992, section 256.9351, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROVIDERS.] "Eligible providers" means those health care providers who provide covered health services to medical assistance recipients under rules established by the commissioner for that program. ~~Reimbursement under this section shall be at the same rates and conditions established for medical assistance.~~

Sec. 2. Minnesota Statutes 1992, section 256.9353, is amended to read:

Subdivision 1. [COVERED HEALTH SERVICES.] "Covered health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education services, private duty nursing services, orthodontic services, medical transportation services, personal care assistant and case management services, hospice care services, nursing home or intermediate care facilities services, inpatient mental health services, outpatient mental health services in excess of $1,000 per adult enrollee and $2,500 per child enrollee per 12-month eligibility period, and chemical dependency services. Outpatient mental health services covered under the health right plan are limited to diagnostic assessments, psychological testing, explanation of findings, and individual, family, and group psychotherapy. Medication management by a physician is not subject to the $1,000 and $2,500 limitations on outpatient mental health services. Covered health services shall be expanded as provided in this section *for enrollees eligible under section 256.9354, subdivisions 2, 3, 4, and 5. Covered health services for enrollees eligible under section 256.9354, subdivision 1, shall continue as provided in this subdivision.*

Subd. 2. [ALCOHOL AND DRUG DEPENDENCY.] Beginning ~~October~~ *July* 1, ~~1992~~ *1993*, covered health services shall include ~~up to ten hours per year of~~ individual outpatient treatment of alcohol or drug dependency by a qualified health professional or outpatient program. ~~Two hours of group treatment count as one hour of individual treatment.~~

Persons who may need chemical dependency services under the provisions of this chapter shall be assessed by a local agency as defined under section 254B.01, and under the assessment provisions of section 254A.03, subdivision 3. *A local agency must place a person in need of chemical dependency services as provided in Minnesota Rules, parts 9530.6600 to 9530.6660.* Persons who are recipients of medical benefits under the provisions of this chapter and who are financially eligible for consolidated chemical dependency treatment fund services provided under the provisions of chapter 254B shall receive chemical dependency treatment services under the provisions of chapter 254B only if:

(1) they have exhausted the chemical dependency benefits offered under this chapter; or

(2) an assessment indicates that they need a level of care not provided under the provisions of this chapter.

Subd. 3. [INPATIENT HOSPITAL SERVICES.] *(a)* Beginning July 1, 1993, covered health services shall include inpatient hospital services, *including inpatient hospital mental health services and inpatient chemical dependency treatment,* subject to those limitations necessary to coordinate the provision of these services with eligibility under the medical assistance spend-down. The inpatient hospital benefit for adult enrollees ~~not eligible for medical assistance~~ is subject to an annual benefit limit of $10,000. The commissioner shall provide enrollees with at least 60 days' notice of coverage for inpatient hospital services and any premium increase associated with the inclusion of this benefit.

*(b) Enrollees shall apply for and cooperate with the requirements of medical assistance by the last day of the third month following admission to an inpatient hospital for nonmental health services. If an enrollee fails to*

*apply for medical assistance within this time period, the enrollee and the enrollee's family shall be disenrolled from the plan within one calendar month. Enrollees and enrollees' families disenrolled for not applying for or not cooperating with medical assistance may not reenroll.*

Subd. 4. [EMERGENCY MEDICAL TRANSPORTATION SERVICES.] Beginning July 1, 1993, covered health services shall include emergency medical transportation services.

Subd. 5. [~~FEDERAL WAIVERS AND APPROVALS~~ *COORDINATION WITH MEDICAL ASSISTANCE.*] The commissioner shall coordinate the provision of hospital inpatient services under the health right plan with enrollee eligibility under the medical assistance spend-down, and shall apply to the secretary of health and human services for any necessary federal waivers or approvals.

Subd. 6. [COPAYMENTS AND COINSURANCE.] The health right benefit plan shall include the following copayments and coinsurance requirements:

(1) ten percent *of the charges submitted* for inpatient hospital services for adult enrollees not eligible for medical assistance, subject to an annual out-of-pocket maximum of ~~$2,000~~ *$1,000* per individual and $3,000 per family;

(2) 50 percent for adult dental services, except for preventive services;

(3) $3 per prescription for adult enrollees; and

(4) $25 for eyeglasses for adult enrollees.

Enrollees who would be eligible for medical assistance with a spend-down shall be financially responsible for the coinsurance amount up to the spend-down limit or the coinsurance amount, whichever is less, in order to become eligible for the medical assistance program.

Sec. 3. Minnesota Statutes 1992, section 256.9354, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN.] "Eligible persons" means children who are ~~one year~~ *18 months* of age or older but less than 18 years of age who have gross family incomes that are equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B and who are not otherwise insured for the covered services. The period of eligibility extends from the first day of the month in which the ~~child's first birthday occurs~~ *child becomes 18 months old* to the last day of the month in which the child becomes 18 years old. Eligibility for ~~the health right plan~~ *MinnesotaCare* shall be expanded as provided in subdivisions 2 to 5. Under subdivisions 2 to 5, parents who enroll in the health right plan must also enroll their children and dependent siblings, if the children and their dependent siblings are eligible. Children and dependent siblings may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. Families cannot choose to enroll only certain uninsured members. For purposes of this section, a "dependent sibling" means an unmarried child who is a full-time student under the age of

25 years who is financially dependent upon a parent. Proof of school enrollment will be required.

Sec. 4. Minnesota Statutes 1992, section 256.9354, subdivision 4, is amended to read:

Subd. 4. [FAMILIES WITH CHILDREN; ELIGIBILITY BASED ON PERCENTAGE OF INCOME PAID FOR HEALTH COVERAGE.] Beginning January 1, 1993, "eligible persons" means children, parents, and dependent siblings residing in the same household who are not eligible for medical assistance under chapter 256B. These persons are eligible for coverage through ~~the health right plan but~~ *MinnesotaCare and who are eligible under subdivisions 2, 3, 4, or 5* must pay a premium as determined under sections 256.9357 and 256.9358. Individuals and families whose income is greater than the limits established under section 256.9358 may not enroll in the health right plan. Individuals who initially enroll in the health right plan under the eligibility criteria in this subdivision remain eligible for the health right plan, regardless of age, place of residence within Minnesota, or the presence or absence of children in the same household, as long as all other eligibility requirements are met and continuous enrollment in the health right plan or medical assistance is maintained.

Sec. 5. Minnesota Statutes 1992, section 256.9356, subdivision 1, is amended to read:

Subdivision 1. [ENROLLMENT FEE.] ~~Until October 1, 1992,~~ An annual enrollment fee of $25, not to exceed $150 per family, is required from ~~eligible persons for covered health services~~ *all enrollees eligible under section 256.9354, subdivision 1.*

Sec. 6. Minnesota Statutes 1992, section 256.9356, subdivision 2, is amended to read:

Subd. 2. [PREMIUM PAYMENTS.] ~~Beginning October 1, 1992,~~ The commissioner shall require ~~health right plan~~ *MinnesotaCare* enrollees to pay a premium based on a sliding scale, as established under section ~~256.9357~~ *256.9358*. Applicants who are eligible under section 256.9354, subdivision 1, are exempt from this requirement. ~~until July 1, 1993, if the application is received by the health right plan staff on or before September 30, 1992. Before July 1, 1993,~~ These individuals shall continue to pay the annual enrollment fee required by subdivision 1.

Sec. 7. Minnesota Statutes 1992, section 256.9357, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] Families and individuals ~~who enroll on or after October 1, 1992,~~ are eligible for subsidized premium payments based on a sliding scale under section 256.9358 only if the family or individual meets the requirements in subdivisions 2 and 3. ~~Children already enrolled in the health right plan as of September 30, 1992, are eligible for subsidized premium payments without meeting these requirements, as long as they maintain continuous coverage in the health right plan or medical assistance.~~

Families and individuals who initially enrolled in ~~the health right~~ *MinnesotaCare* plan under section 256.9354, and whose income increases above the limits established in section 256.9358, may continue enrollment and pay the full cost of coverage.

Sec. 8. [256.9362] [PROVIDER PAYMENT.]

*Subdivision 1.* [MEDICAL ASSISTANCE RATE TO BE USED.] *Payment to providers under sections 256.9351 to 256.9362 shall be at the same rates and conditions established for medical assistance, except as provided in subdivisions 2 to 6.*

*Subd. 2.* [PAYMENT OF CERTAIN PROVIDERS.] *Services provided by federally qualified health centers, rural health clinics, and facilities of the Indian health service shall be paid for according to the same rates and conditions applicable to the same service provided by providers that are not federally qualified health centers, rural health clinics, or facilities of the Indian health service.*

*Subd. 3.* [INPATIENT HOSPITAL SERVICES.] *Inpatient hospital services provided under section 256.9353, subdivision 3, shall be paid for as provided in subdivisions 4 to 6.*

*Subd. 4.* [DEFINITION OF MEDICAL ASSISTANCE RATE FOR INPATIENT HOSPITAL SERVICES.] *The "medical assistance rate," as used in this section to apply to rates for providing inpatient hospital services, means the rates established under sections 256.9685 to 256.9695 for providing inpatient hospital services to medical assistance recipients who receive aid to families with dependent children.*

*Subd. 5.* [ENROLLEES YOUNGER THAN 18.] *Payment for inpatient hospital services provided to MinnesotaCare enrollees who are younger than 18 years old on the date of admission to the inpatient hospital shall be at the medical assistance rate.*

*Subd. 6.* [ENROLLEES 18 OR OLDER.] *Payment by the MinnesotaCare program for inpatient hospital services provided to MinnesotaCare enrollees who are 18 years old or older on the date of admission to the inpatient hospital must be in accordance with paragraphs (a) and (b).*

*(a) If the medical assistance rate is less than or equal to the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the medical assistance rate minus any copayment required under section 256.9353, subdivision 6. The hospital must not seek payment from the enrollee in addition to the copayment. The MinnesotaCare payment plus the copayment must be treated as payment in full.*

*(b) If the medical assistance rate is greater than the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the lesser of:*

*(1) the amount remaining in the enrollee's benefit limit; or*

*(2) the greater of:*

*(i) the medical assistance rate minus any copayment under section 256.9353, subdivision 6; or*

*(ii) charges submitted for the inpatient hospital services less any copayment established under section 256.9353, subdivision 6.*

*The hospital may seek payment from the enrollee for the amount by which usual and customary charges exceed the payment under this paragraph.*

Sec. 9. Minnesota Statutes 1992, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than ~~one year~~ *18 months* of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, is eligible for medical assistance if countable family income is equal to or less than ~~185~~ *275* percent of the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant less than ~~one year of age~~ *18 months old* under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3.

An infant born on or after January 1, 1991, to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the ~~child's first birthday~~ *child is 18 months of age*, as long as the child remains in the woman's household.

*Women and infants who are eligible under this subdivision and whose countable family income is equal to or greater than 185 percent of the federal poverty guideline for the same family size shall be required to pay a premium for medical assistance coverage based on a sliding scale as established under section 256.9358.*

Sec. 10. [DEMONSTRATION WAIVER.]

*The commissioner of human services shall seek a demonstration waiver to allow the state to charge the premium as described in section 5.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 1 to 9 are effective July 1, 1993. Section 10 is effective July 1, 1993, or after the effective date of the waiver referred to in section 6, whichever is later.*

## ARTICLE 11

## RURAL HEALTH INITIATIVE

Section 1. Minnesota Statutes 1992, section 144.1484, subdivision 1, is amended to read:

Subdivision 1. [SOLE COMMUNITY HOSPITAL FINANCIAL ASSISTANCE GRANTS.] The commissioner of health shall award financial assistance grants to rural hospitals in isolated areas of the state. To qualify for a grant, a hospital must: (1) be eligible to be classified as a sole community hospital according to the criteria in Code of Federal Regulations, title 42, section 412.92 or be located in a community with a population of less than 5,000 *and located more than 25 miles from a like hospital currently providing acute short-term services*; (2) have experienced net income losses in the two most recent consecutive hospital fiscal years for which audited financial information is available; (3) consist of ~~30~~ *40* or fewer licensed beds; and (4) ~~have exhausted local sources of support. Before applying for a grant, the hospital must have developed a strategic plan. The commissioner shall award grants in equal amounts~~ *demonstrate to the commissioner that it has obtained local support for the hospital, and that any state support awarded under this program will not be used to supplant local support for the hospital. The commissioner shall review audited financial statements of the hospital to*

*assess the extent of local support. Evidence of local support may include bonds issued by a local government entity such as a city, county, or hospital district for the purpose of financing hospital projects; and loans, grants, or donations to the hospital from local government entities, private organizations, or individuals. The commissioner shall determine the amount of the award to be given to each eligible hospital, based on the hospital's financial need and the total amount of funding available.*

Sec. 2. Minnesota Statutes 1992, section 144.1484, subdivision 2, is amended to read:

Subd. 2. [GRANTS TO AT-RISK RURAL HOSPITALS TO OFFSET THE IMPACT OF THE HOSPITAL TAX.] *(a)* The commissioner of health shall award financial assistance grants to rural hospitals that would otherwise close as a direct result of the hospital tax in section 295.52. To be eligible for a grant, a hospital must have 50 or fewer beds and must not be located in a city of the first class. To receive a grant, the hospital must demonstrate to the satisfaction of the commissioner of health that the hospital will close in the absence of state assistance under this subdivision and that the hospital tax is the principal reason for the closure.

*(b) At a minimum the hospital must demonstrate that:*

*(1) it has had a net margin of minus ten percent or below in at least one of the last two years or a net margin of less than zero percent in at least three of the last four years. For purposes of this subdivision, "net margin" means the ratio of net income from all hospital sources to total revenues generated by the hospital;*

*(2) it has had a negative cash flow in at least three of the last four years. For purposes of this subdivision, "cash flow" means the total of net income plus depreciation; and*

*(3) its fund balance has declined by at least 25 percent over the last two years, and its fund balance at the end of its last fiscal year was equal to or less than its accumulated net loss during the last two years. For purposes of this subdivision, "fund balance" means the excess of assets of the hospital's fund over its liabilities and reserves.*

*(c) A hospital seeking a grant shall submit the following with its application:*

*(1) a statement of the projected dollar amount of tax liability for the current fiscal year, projected monthly disbursements, and projected net patient revenue base for the current fiscal year, broken down by payor categories including Medicare, medical assistance, MinnesotaCare, general assistance medical care, and others. The figures must be certified by the hospital administrator;*

*(2) a statement of all rate increases, listing the date and percentage of each increase during the last three years and the date and percentage of any increases for the current fiscal year. The statement must be certified by the hospital administrator and must include a narrative explaining whether or not the rate increase incorporates a pass through of the hospital tax;*

*(3) a statement certified by the chair or equivalent of the hospital board, and by an independent auditor, that the hospital will close within the next 12 months as a result of the hospital tax unless it receives a grant; and*

*(4) a statement certified by the chair or equivalent of the hospital board that the hospital will not close for financial reasons within the next 12 months if it receives a grant.*

The amount of the grant must not exceed the amount of the tax the hospital would pay under section 295.52, based on the previous year's hospital revenues. *A hospital that closes within 12 months after receiving a grant under this subdivision must refund the amount of the grant to the commissioner of health.*

## ARTICLE 12

## HEALTH PROFESSIONAL EDUCATION

Section 1. Minnesota Statutes 1992, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established *in the health care access fund.* The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 2. Minnesota Statutes 1992, section 136A.1355, subdivision 3, is amended to read:

Subd. 3. [LOAN FORGIVENESS.] ~~Prior to June 30, 1992, the higher education coordinating board may accept up to eight applicants who are fourth year medical students, up to eight applicants who are first year residents, and up to eight applicants who are second year residents for participation in the loan forgiveness program.~~ For the period July 1, ~~1992~~ *1993* through June 30, 1995, the higher education coordinating board may accept up to ~~eight~~ *four* applicants who are fourth year medical students, *three applicants who are pediatric residents, and four applicants who are family practice residents, and one applicant who is an internal medicine resident,* per fiscal year for participation in the loan forgiveness program. *If the higher education coordinating board does not receive enough applicants per fiscal year to fill the number of residents in the specific areas of practice, the resident applicants may be from any area of practice. The eight resident applicants can be in any year of training.* Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed $10,000, as a qualified loan. For each year that a participant serves as a physician in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who move their practice from one designated rural area to another remain eligible for loan repayment. In addition, if a resident participating in the loan forgiveness program serves at least four weeks during a year of residency substituting for a rural physician to temporarily relieve the rural physician of rural practice commitments to enable the rural physician to take a vacation, engage in activities outside the practice area, or otherwise be relieved of rural practice commitments, the participating resident may designate up to an additional $2,000, above the $10,000 maximum, for each year of residency during which the resident substitutes for a rural physician for four or more weeks.

Sec. 3. Minnesota Statutes 1992, section 136A.1355, subdivision 4, is amended to read:

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required three-year minimum commitment of service in a designated rural area, the higher education coordinating board shall collect from the participant the amount paid by the board under the loan forgiveness program. The higher education coordinating board shall deposit the money collected in the rural physician education account *established in subdivision 1*. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the three-year service commitment.

Sec. 4. Minnesota Statutes 1992, section 136A.1355, is amended by adding a subdivision to read:

*Subd. 5.* [LOAN FORGIVENESS; UNDERSERVED URBAN COMMUNITIES.] *For the period July 1, 1993 to June 30, 1995, the higher education coordinating board may accept up to four applicants who are either fourth year medical students, or residents in family practice, pediatrics, or internal medicine per fiscal year for participation in the urban primary care physician loan forgiveness program. The resident applicants may be in any year of residency training. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed $10,000, as a qualified loan. For each year that a participant serves as a physician in a designated underserved urban area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who move their practice from one designated underserved urban community to another remain eligible for loan repayment.*

Sec. 5. Minnesota Statutes 1992, section 136A.1356, subdivision 2, is amended to read:

Subd. 2. [CREATION OF ACCOUNT.] A midlevel practitioner education account is established *in the health care access fund*. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for midlevel practitioners agreeing to practice in designated rural areas.

Sec. 6. Minnesota Statutes 1992, section 136A.1356, subdivision 5, is amended to read:

Subd. 5. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 4 for full repayment of all qualified loans, the higher education coordinating board shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The higher education coordinating board shall deposit the money collected in the midlevel practitioner education account *established in subdivision 2*. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 7. Minnesota Statutes 1992, section 136A.1357, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF THE ACCOUNT.] An education account in the ~~general~~ *health care access* fund is established for a loan forgiveness program for nurses who agree to practice nursing in a nursing home. The account consists of money appropriated by the legislature and repayments and penalties collected under subdivision 4. Money from the account must be used for a loan forgiveness program.

Sec. 8. Minnesota Statutes 1992, section 136A.1357, subdivision 4, is amended to read:

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 3 for full repayment of all qualified loans, the ~~commissioner~~ *higher education coordinating board* shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The board shall deposit the collections in the ~~general~~ *health care access* fund to be credited to the account established in subdivision 1. The board may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 9. Minnesota Statutes 1992, section 137.38, subdivision 2, is amended to read:

Subd. 2. [PRIMARY CARE.] For purposes of sections 137.38 to 137.40, "primary care" means a type of medical care delivery that assumes ongoing responsibility for the patient in both health maintenance and illness treatment. It is personal care involving a unique interaction and communication between the patient and the physician. It is comprehensive in scope, and includes all the overall coordination of the care of the patient's health care problems including biological, behavioral, and social problems. The appropriate use of consultants and community resources is an important aspect of effective primary care. *Primary care physicians include family practitioners, pediatricians, and internists.*

Sec. 10. Minnesota Statutes 1992, section 137.38, subdivision 3, is amended to read:

Subd. 3. [GOALS.] The board of regents of the University of Minnesota, through the University of Minnesota medical school, is requested to implement the initiatives required by sections 137.38 to 137.40 in order to increase the number of graduates of residency programs of the medical school who practice primary care by 20 percent over an eight-year period. The initiatives must be designed to encourage newly graduated primary care physicians to establish practices in areas of rural *and urban* Minnesota that are medically underserved.

Sec. 11. Minnesota Statutes 1992, section 137.38, subdivision 4, is amended to read:

Subd. 4. [GRANTS.] The board of regents is requested to seek grants from private foundations and other nonstate sources, *including community provider organizations,* for the medical school initiatives outlined in sections 137.38 to 137.40.

Sec. 12. Minnesota Statutes 1992, section 137.39, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF CURRICULUM.] The medical school is requested to ensure that its curriculum provides students with early exposure to primary care physicians and primary care practice, *and to address other primary care curriculum issues such as public health, preventive medicine, and health care delivery*. The medical school is requested to also support premedical school educational initiatives that provide students with greater exposure to primary care physicians and practices.

Sec. 13. Minnesota Statutes 1992, section 137.39, subdivision 3, is amended to read:

Subd. 3. [CLINICAL EXPERIENCES IN PRIMARY CARE.] The medical school~~, in consultation with medical school faculty at the University of Minnesota, Duluth,~~ is requested to develop a program to provide students with clinical experiences in primary care settings in internal medicine and pediatrics. The program must provide training experiences in medical clinics in rural Minnesota communities, as well as in community clinics and health maintenance organizations in the Twin Cities metropolitan area.

Sec. 14. Minnesota Statutes 1992, section 137.40, subdivision 3, is amended to read:

Subd. 3. [CONTINUING MEDICAL EDUCATION.] The medical school is requested to develop continuing medical education programs for primary care physicians that are comprehensive, community-based, ~~and~~ accessible to primary care physicians in all areas of the state, *and which enhance primary care skills*.

Sec. 15. [137.41] [FAMILY AND PEDIATRIC NURSE PRACTITIONER PROGRAM.]

*Subdivision 1.* [CONDITION.] *If the board of regents accepts the funding appropriated for this section, it shall comply with the duties for which the appropriations are made.*

*Subd. 2. The board of regents, through the school of nursing, is requested to establish a two-year family and pediatric nurse practitioner program that awards a master of science degree with a major in nursing. The school of nursing may accept up to eight pediatric nurse practitioner students and eight family nurse practitioner students each year. The school of nursing is requested to include as a program component clinical practica with faculty and nurse or physician preceptors at the University of Minnesota or affiliated clinics throughout the state. The practica must include assessment, treatment, and referral of common health problems encountered in primary care. The program must also allow students to study the role of nurse practitioners as they collaborate with physicians and other members of the health care team, and provide sufficient hours of supervised clinical practice to qualify students to sit for certification exams.*

## ARTICLE 13

## DATA RESEARCH INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.30, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 62J.30 to 62J.34, the following definitions apply:

(a) "Practice parameter" means a statement intended to guide the clinical decision making of health care providers and patients that is supported by the results of appropriately designed outcomes research studies~~, including those studies sponsored~~ *or that has been approved* by the federal agency for health care policy and research~~,~~ or ~~has been~~ adopted for use by a national medical society, *national medical specialty society, or a nationally recognized health care related society.*

(b) "Outcomes research" means research designed to identify and analyze the outcomes and costs of alternative interventions for a given clinical condition, in order to determine the most appropriate and cost-effective means to prevent, diagnose, treat, or manage the condition, or in order to develop and test methods for reducing inappropriate or unnecessary variations in the type and frequency of interventions.

Sec. 2. Minnesota Statutes 1992, section 62J.30, subdivision 6, is amended to read:

Subd. 6. [DATA COLLECTION PROCEDURES.] The health care analysis unit shall collect data from health care providers, health carriers, and individuals in the most cost-effective manner, which does not unduly burden ~~providers~~ *them*. The unit may require health care providers and health carriers to collect and provide *all* patient health records *and claim files*, ~~provide mailing lists of patients who have consented to release of data,~~ and cooperate in other ways with the data collection process. ~~For purposes of this chapter, the health care analysis unit shall assign, or require health care providers and health carriers to assign, a unique identification number to each patient to safeguard patient identity.~~ *The unit may also require health care providers and health carriers to provide mailing lists of patients who have consented to release of data. The commissioner shall require all health care providers, group purchasers, and state agencies to use a standard patient identifier from which the patient cannot be identified and a standard identifier for providers and health plans when reporting data under this chapter. Patient identifiers must be coded to enable release of otherwise private data to researchers, providers, and group purchasers in a manner consistent with chapter 13 and section 144.335.*

Sec. 3. Minnesota Statutes 1992, section 62J.30, subdivision 7, is amended to read:

Subd. 7. [DATA CLASSIFICATION.] (a) Data collected through the large-scale data base initiatives of the health care analysis unit required by section 62J.31 that identify individuals are private data on individuals. Data not on individuals are nonpublic data. The commissioner may release private data on individuals and nonpublic data to researchers affiliated with university research centers or departments who are conducting research on health outcomes, practice parameters, and medical practice style; researchers working under contract with the commissioner; and individuals purchasing health care services for health carriers and groups. ~~Prior to releasing any nonpublic or private data under this paragraph that identify or relate to a specific health carrier, medical provider, or health care facility, the commissioner shall provide at least 30 days' notice to the subject of the data, including a copy of the relevant data, and allow the subject of the data to provide a brief explanation or comment on the data which must be released with the data.~~ *The commissioner shall require any person or organization receiving under this subdivision either private data on individuals or nonpublic data to sign an*

*agreement to maintain the data that it receives according to the statutory provisions applicable to the data. The agreement shall not limit the preparation and dissemination of summary data as permitted under section 13.05, subdivision 7.* To the extent reasonably possible, release of private or confidential data under this chapter shall be made without releasing data that could reveal the identity of individuals and should instead be released using the identification numbers required by subdivision 6.

(b) Summary data derived from data collected through the large-scale data base initiatives of the health care analysis unit may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner.

(c) The commissioner shall adopt rules to establish criteria and procedures to govern access to and the use of data collected through the initiatives of the health care analysis unit.

Sec. 4. Minnesota Statutes 1992, section 62J.30, subdivision 8, is amended to read:

Subd. 8. [DATA COLLECTION ADVISORY ~~COMMITTEE~~ *PANEL.*] The commissioner ~~shall~~ *may* convene a ~~15 member~~ data collection advisory ~~committee consisting of health service researchers, health care providers, health carrier representatives, representatives of businesses that purchase health coverage, and consumers. Six members of this committee must be health care providers. The advisory committee shall~~ *panel as needed to* evaluate methods of data collection and shall recommend to the commissioner methods of data collection that minimize administrative burdens, address data privacy concerns, and meet the needs of health service researchers. The advisory ~~committee~~ *panel* is governed by section ~~15.059~~ *15.014*.

Sec. 5. Minnesota Statutes 1992, section 62J.32, subdivision 4, is amended to read:

Subd. 4. [PRACTICE PARAMETER ADVISORY ~~COMMITTEE~~ *PANEL.*] The commissioner ~~shall~~ *may* convene ~~a 15 member practice parameter~~ *an* advisory ~~committee comprised of eight health care professionals, and representatives of the research community and the medical technology industry. The committee shall present~~ *panel as needed to make* recommendations on the adoption of practice parameters to the commissioner and the Minnesota health care commission and provide technical assistance as needed to the commissioner and the commission. ~~The advisory committee is governed by section 15.059, but does not expire.~~ *The advisory panel is governed by section 15.014.*

Sec. 6. Minnesota Statutes 1992, section 62J.34, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] The commissioner of health, after receiving the advice and recommendations of the Minnesota health care commission, may approve practice parameters that are endorsed, developed, or revised by the health care analysis unit. The commissioner is exempt from the rulemaking requirements of chapter 14 when approving practice parameters approved by the federal agency for health care policy and research, practice parameters adopted for use by a national medical society, ~~or~~ *a* national medical specialty society, *or a nationally recognized health care related society*. The commissioner shall use rulemaking to approve practice parameters that are newly

developed or substantially revised by the health care analysis unit. Practice parameters adopted without rulemaking must be published in the State Register.

Sec. 7. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

*Subd. 3b.* [RELEASE OF RECORDS TO COMMISSIONER OF HEALTH OR DATA INSTITUTE.] *Subdivision 3a does not apply to the release of health records to the commissioner of health or the data institute under chapter 62J, provided that the data are not in individually identifiable form.*

Sec. 8. Minnesota Statutes 1992, section 214.16, subdivision 3, is amended to read:

Subd. 3. [GROUNDS FOR DISCIPLINARY ACTION.] The board shall take disciplinary action, *which may include license revocation,* against a regulated person for:

(1) *intentional* failure to provide the commissioner of health *or the health care analysis unit established under section 62J.30* with *the* data ~~on gross patient revenue as~~ required under ~~section 62J.04~~ *chapter 62J*;

(2) ~~failure to provide the health care analysis unit with data as required under Laws 1992, chapter 549, article 7;~~

~~(3)~~ *intentional* failure to provide the commissioner of revenue with data on gross revenue and other information required for the commissioner to implement sections 295.50 to 295.58; and

~~(4)~~ *(3) intentional* failure to pay the health care provider tax required under section 295.52.

ARTICLE 14

FINANCING

Section 1. Minnesota Statutes 1992, section 295.50, subdivision 3, is amended to read:

Subd. 3. [GROSS REVENUES.] ~~(a)~~ "Gross revenues" are total amounts received in money or otherwise by:

(1) a resident hospital for ~~inpatient or outpatient~~ *patient* services ~~as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29~~;

*(1a) a resident surgical center for patient services;*

(2) a nonresident hospital for ~~inpatient or outpatient~~ *patient* services ~~as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29,~~ provided to patients domiciled in Minnesota;

*(2a) a nonresident surgical center for patient services provided to patients domiciled in Minnesota;*

(3) a resident health care provider, other than a health maintenance organization, for ~~covered~~ *patient* services ~~listed in section 256B.0625~~;

(4) a nonresident health care provider for ~~covered~~ *patient* services ~~listed in section 256B.0625~~ provided to an individual domiciled in Minnesota;

(5) a wholesale drug distributor for sale or distribution of prescription drugs that are delivered in Minnesota by the distributor or a common carrier, unless the prescription drugs are delivered to another wholesale drug distributor. *Prescription drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325*; and

(6) a health maintenance organization as gross premiums for enrollees, carrier copayments, and fees for ~~covered~~ *patient* services ~~listed in section 256B.0625~~.

~~(b) Gross revenues do not include governmental, foundation, or other grants or donations to a hospital or health care provider for operating or other costs.~~

Sec. 2. Minnesota Statutes 1992, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] *(a)* "Health care provider" ~~is a vendor of medical care qualifying for reimbursement under the medical assistance program provided under chapter 256B, and includes health maintenance organizations but excludes hospitals and pharmacies~~ *means:*

*(1) a person furnishing any or all of the following goods or services to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any service not listed above that qualifies for reimbursement under the medical assistance program provided under chapter 256B;*

*(2) a health maintenance organization;*

*(3) an integrated service network; or*

*(4) a licensed ambulance service.*

*(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A, surgical centers, and pharmacies as defined in section 151.01.*

Sec. 3. Minnesota Statutes 1992, section 295.50, subdivision 7, is amended to read:

Subd. 7. [HOSPITAL.] "Hospital" ~~is~~ *means* a hospital licensed under chapter 144, *or* a hospital ~~providing inpatient or outpatient services~~ licensed by any other state or province or territory of Canada ~~or a surgical center~~.

Sec. 4. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

*Subd. 9a.* [PATIENT SERVICES.] *"Patient services" means inpatient and outpatient services including the following health care items and services:*

*(1) bed and board;*

*(2) nursing services and other related services;*

*(3) use of hospital, surgical centers, or health care provider facilities;*

*(4) medical social services;*

*(5) drugs, biologicals, supplies, appliances, and equipment;*

*(6) other diagnostic or therapeutic items or services;*

*(7) medical or surgical services;*

*(8) items and services furnished to ambulatory patients not requiring emergency care;*

*(9) emergency services; and*

*(10) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.*

Sec. 5. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

*Subd. 9b.* [PERSON.] *"Person" means an individual, partnership, limited liability company, corporation, association, governmental unit or agency, or public or private organization of any kind.*

Sec. 6. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

*Subd. 10a.* [REGIONAL TREATMENT CENTER.] *"Regional treatment center" means a regional center as defined in section 253B.02, subdivision 18, and named in sections 252.025, subdivision 1; 253.015, subdivision 1; 253.201; and 254.05.*

Sec. 7. Minnesota Statutes 1992, section 295.51, subdivision 1, is amended to read:

Subdivision 1. [BUSINESS TRANSACTIONS IN MINNESOTA.] A hospital, *surgical center,* or health care provider is subject to tax under sections 295.50 to 295.58 if it is "transacting business in Minnesota." A hospital, *surgical center,* or health care provider is transacting business in Minnesota only if it:

(1) maintains an office in Minnesota *used in the trade or business of providing patient services*;

(2) has employees, representatives, or independent contractors conducting business in Minnesota *related to the trade or business of providing patient services*;

(3) regularly ~~sells~~ ~~covered~~ *provides patient* services to customers that receive the ~~covered~~ services in Minnesota;

(4) regularly solicits business from potential customers in Minnesota. *A hospital, surgical center, or health care provider is presumed to regularly solicit business within Minnesota if it receives gross receipts for patient services from 20 or more patients domiciled in Minnesota in a calendar year*;

(5) regularly performs services outside Minnesota the benefits of which are consumed in Minnesota;

(6) owns or leases tangible personal or real property physically located in Minnesota *and used in the trade or business of providing patient services*; or

(7) receives medical assistance payments from the state of Minnesota.

Sec. 8. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

*Subd. 1a.* [SURGICAL CENTER TAX.] *A tax is imposed on each surgical center equal to two percent of its gross revenues.*

Sec. 9. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

*Subd. 5.* [REGIONAL TREATMENT CENTERS.] *Regional treatment centers are not subject to tax under this section.*

Sec. 10. Minnesota Statutes 1992, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] The following payments are excluded from the gross revenues subject to the hospital, *surgical center,* or health care provider taxes under sections 295.50 to 295.57:

(1) payments received ~~from the federal government~~ for services provided under the Medicare program, ~~excluding~~ *including payments received from the government, and Medicare coordinated health plans, and* enrollee ~~deductible~~ *deductibles, coinsurance,* and ~~coinsurance payments~~ *copayments. Payments representing supplemental coverage are not excluded*;

(2) medical assistance payments *including payments received directly from the government or from a prepaid plan*;

(3) payments received for ~~services performed by nursing homes licensed under chapter 144A, services provided in supervised living facilities and~~ home health care services;

(4) payments received from hospitals *or surgical centers* for goods and services that are subject to tax under section 295.52;

(5) payments received from health care providers for goods and services that are subject to tax under section 295.52;

(6) amounts paid for prescription drugs, *other than nutritional products,* to a wholesale drug distributor reduced by reimbursements received for prescription drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program *including payments received directly from the government or from a prepaid plan*;

(8) payments received for providing services under the ~~health right~~ *MinnesotaCare* program ~~under Laws 1992, chapter 549, article~~ 4 *including payments received directly from the government or from a prepaid plan*; ~~and~~

(9) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for care provided outside Minnesota to a patient who is not domiciled in Minnesota;

*(10) payments received from the chemical dependency fund under chapter 254B;*

*(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group; and*

*(12) payments received for providing patient services if the services are incidental to conducting medical research.*

Sec. 11. Minnesota Statutes 1992, section 295.55, subdivision 4, is amended to read:

Subd. 4. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] A taxpayer with an aggregate tax liability of ~~$60,000~~ *$30,000* or more during a calendar quarter ending the last day of March, June, September, or December *of the first year the taxpayer is subject to the tax* must ~~thereafter~~ remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), *for the remainder of the year. A taxpayer with an aggregate tax liability of $120,000 or more during a calendar year, must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), in the subsequent calendar year*. The funds transfer payment date, as defined in section 336.4A-401, is on or before the date the tax is due. If the date the tax is due is not a funds-transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date is on or before the first funds-transfer business day after the date the tax is due.

Sec. 12. Minnesota Statutes 1992, section 295.58, is amended to read:

295.58 [DEPOSIT OF REVENUES *AND PAYMENT OF REFUNDS*.]

The commissioner shall deposit all revenues, including penalties and interest, derived from the taxes imposed by sections 295.50 to 295.57 and from the insurance premiums tax on health maintenance organizations and nonprofit health service corporations in the health care access fund in the state treasury. *Refunds of overpayments must be paid from the health care access fund in the state treasury.*

Sec. 13. [295.582] [AUTHORITY.]

*A hospital, health care provider, or surgical center that is subject to a tax under section 295.52 may transfer additional expenses generated by section 295.52 obligations on to third party contracts regulated under chapter 60A, 62A, 62C, 62D, 62H, or 64B for the purchase of health care services on behalf of a patient or consumer. The expense must not exceed two percent of the gross revenues received under the third party contract, including copayments and deductibles paid by the individual patient or consumer. The expense must not be generated on revenues derived from payments that are excluded from the tax under section 295.53. Such third party purchasers must pay the transferred expense in addition to any payments due under existing or future contracts with the hospital, health care provider, or surgical center. Nothing in this subdivision limits the ability of a hospital, health care provider, or surgical center to recover all or part of the section 295.52 obligation by other methods, including increasing fees or charges.*

Sec. 14. Minnesota Statutes 1992, section 295.59, is amended to read:

295.59 [SEVERABILITY.]

If any section, subdivision, clause, or phrase of sections 295.50 to ~~295.58~~ *295.582* is for any reason held to be unconstitutional or in violation of federal law, the decision shall not affect the validity of the remaining portions of sections 295.50 to ~~295.58~~ *295.582*. The legislature declares that it would have passed sections 295.50 to ~~295.58~~ *295.582* and each section, subdivision, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subdivisions, sentences, clauses, or phrases is declared unconstitutional.

Sec. 15. [APPROPRIATION.]

*Notwithstanding Laws 1992, chapter 549, article 10, section 1, subdivision 1, the amount appropriated to the commissioner of revenue in Laws 1992, subdivision 8 of that section is available until June 30, 1994.*

Sec. 16. [REPEALER.]

*Minnesota Statutes 1992, section 295.50, subdivision 10, is repealed.*

*Minnesota Statutes 1992, section 295.51, subdivision 2, is repealed.*

*Laws 1992, chapter 549, article 9, section 19, subdivision 2, is repealed.*

Sec. 17. [EFFECTIVE DATES.]

*Sections 1; 3; 4, clauses (1) to (9); 6 to 10; and 12 are effective retroactively to gross revenues generated by services performed and goods sold after December 31, 1992.*

*Sections 4, clause (10), and 11 are effective for services performed and goods sold after December 31, 1993.*

*Sections 2, 5, 13, 14, and 15 are effective the day following final enactment.*

## ARTICLE 15

## APPROPRIATIONS

Section 1. [APPROPRIATION.]

*$..... is appropriated from the health care access fund to the commissioner of health for adopting rules under this act for the biennium ending June 30, 1995.*

*$..... is appropriated from the health care access fund to the commissioner of health for the biennium ending June 30, 1995, to implement the data collection initiatives required by sections 62J.36 to 62J.44.*

*$..... is appropriated from the health care access fund to the commissioner of health to implement and monitor the voluntary cost control program in article 4, to be available until June 30, 1995.*

*$..... is appropriated from the special account for disease prevention and health promotion in the health care access fund to the commissioner of health for the biennium ending July 1, 1995, for statewide consumer education and wellness programs.*

*$..... is appropriated from the special account for disease prevention and health promotion in the health care access fund to the commissioner of health for the biennium ending July 1, 1995, for initiatives to improve birth outcomes, including smoking cessation methods, chlamydia screening efforts, and expanding funding for the women's, infant, and children program.*

*$..... is appropriated from the special account for disease prevention and health promotion in the health care access fund to the commissioner of health for the biennium ending July 1, 1995, for improved childhood immunization, including promoting providers' adherence to pediatric immunization standards, outreach, tracking, and follow-up activities.*

*$..... is appropriated from the health care access fund to the commissioner of health for the biennium ending July 1, 1995, for operation of the integrated service network technical assistance program provided under article 1.*

*$..... is appropriated from the health care access fund to the commissioner of health for the biennium ending July 1, 1995, for operation of the integrated service network loan program provided under article 1.*

*$..... is appropriated from the health care access fund to the commissioner of health for the biennium ending June 30, 1995, to establish and administer a financial data collection program on ambulance services under article 11.*

*$..... is appropriated from the health care access fund to the board of regents of the University of Minnesota for the biennium ending June 30, 1995, to develop and administer a family and pediatric nurse practitioner program under article 12.*

*$..... is appropriated from the health care access fund to the regional coordinating boards for the biennium ending July 1, 1995, for the purposes of Minnesota Statutes, section 62J.09, subdivision 1a."*

Delete the title and insert:

"A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for voluntary public commitments by health plans and providers to limit the rate of growth in total revenues; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 62A.021, subdivision 1; 62A.65; 62C.16, by adding a subdivision; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding a subdivision; 62J.15, subdivisions 1 and 2; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivisions 2 and 3; 62L.02, subdivisions 16, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 4 and 6; 62L.09, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2 and 5; 136A.1357, subdivisions 1 and 4; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9353; 256.9354, subdivisions 1 and 4; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3; 256B.057, subdivision 1; 295.50, subdivisions 3, 4, 7, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivision 1; 295.55, subdivision 4; 295.58; and 295.59; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; 137; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2."

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

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was referred

S.F. No. 1054: A bill for an act relating to state departments and agencies; providing for reports on advisory task forces committees and councils; providing for their expirations; eliminating certain advisory bodies; amending Minnesota Statutes 1992, sections 6.65; 15.059, subdivision 5, and by adding a subdivision; 16B.39, subdivision 1a; 41A.02, subdivision 1; 41A.04, subdivisions 2 and 4; 116J.975; 125.188, subdivision 3; 125.1885, subdivision 3; 129D.16; 148.235, subdivision 2; 246.017, subdivision 2; 246.56, subdivision 2; 256B.0629, subdivision 4; and 256B.433, subdivision 1; 299F.093, subdivision 1; repealing Minnesota Statutes 1992, sections 41.54; 41A.07; 43A.31, subdivision 4; 82.30, subdivision 1; 84.524, subdivisions 1 and 2; 85A.02, subdivision 4; 86A.10, subdivision 1; 116J.645; 116J.984, subdivision 11; 116N.05; 120.064, subdivision 6; 121.87; 145.93, subdivision 2; 148B.20, subdivision 2; 152.02, subdivision 11; 175.008; 184.23; 206.57, subdivision 3; 245.476, subdivision 4; 245.4885, subdivision 4; 256.9745; 256B.0629, subdivisions 1, 2, and 3; 256B.433, subdivision 4; 257.072, subdivision 6; 299F.092, subdivision 9; 299F.097; and 626.5592.

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

Page 2, delete section 2

Page 2, line 28, strike "1993" and insert "*1994*"

Page 12, after line 2, insert:

"Sec. 17. [REPORT.]

*The appointing authority for each advisory task force, committee, or council created in statute or by a commissioner or agency head under Minnesota Statutes, section 15.014, must submit a one page report to the chair of the committee on governmental operations and gambling of the house of representatives, the chair of the committee on governmental operations and reform of the senate, and the governor by January 15, 1994. The report must list the following information for each group for the most recently completed fiscal year:*

*(1) the number of meetings;*

*(2) the estimated expenses for the group;*

*(3) the estimated number of hours that the host agency staff served the group; and*

*(4) a summary of the group's activities.*

*If there is more than one appointing authority, the authority that appoints the most members must submit the report.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 6 and 7, delete ", and by adding a subdivision"

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

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was referred

S.F. No. 965: A bill for an act relating to state department of finance; making technical and substantive changes to provisions of law about the department; amending Minnesota Statutes 1992, sections 16A.011, subdivisions 5, 6, and 14; 16A.04, subdivision 1; 16A.055, subdivision 1; 16A.06, subdivision 4; 16A.065; 16A.10, subdivisions 1 and 2; 16A.105; 16A.11, subdivisions 1, 2, and 3; 16A.128; 16A.129, by adding a subdivision; 16A.15, subdivisions 1, 5, and 6; 16A.152, by adding subdivisions; 16A.1541; 16A.17, subdivision 3; 16A.28; 16A.30; 16A.58; 16A.69, subdivision 2; and 16A.72; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 1992, sections 3.3005; 16A.095, subdivision 3; 16A.123; 16A.1281; 16A.35; 16A.45, subdivisions 2 and 3; 16A.80; and 290A.24.

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

Page 6, lines 6, 16, 21, 22, 29, and 36, strike "shall" and insert "*must*"

Page 6, line 14, delete "*shall*" and insert "*must*"

Page 7, line 3, strike "shall" and insert "*must*"

Page 8, lines 3, 4, 5, 18, 21, and 24, delete "*shall*" and insert "*must*"

Page 9, line 12, delete "*shall*" and insert "*must*"

Page 9, lines 16 and 18, delete "*such*" and insert "*the*"

Page 10, lines 34 and 35, delete ", *including the Minnesota Historical Society*"

Page 11, line 15, delete "*must*" and insert "*shall*"

Page 12, line 10, strike "shall" and insert "*must*"

Page 12, line 14, strike "is empowered to" and insert "*may*"

Page 12, line 15, strike "which" and insert "*that*"

Page 12, line 16, strike "such" and insert "*the*"

Page 15, line 32, strike "shall" and insert "*must*"

Page 16, line 7, strike "heretofore or hereafter made"

Page 16, line 14, delete "*Agencies*" and insert "*An agency*"

Page 16, line 15, delete "*they*" and insert "*it*" and delete " *notify*" and insert "*notifies*"

Page 17, lines 2 and 4, delete "*are to*" and insert "*must*"

Page 18, lines 11 and 27, strike "shall" and insert "*must*"

Page 18, line 32, after "facilities" insert a comma and strike "receipts shall" and insert "*must*"

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 879: A bill for an act relating to agriculture; providing for surcharges on registered pesticides; amending Minnesota Statutes 1992, section 18E.03, subdivision 5.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 18B.065, is amended by adding a subdivision to read:

*Subd. 2a.* [DISPOSAL SITE REQUIREMENT.] *The commissioner must designate a place that is available at least every other year for the residents of each county in the state to dispose of unused portions of agricultural pesticides used in the production of food, feed, or fiber crop use.*

Sec. 2. Minnesota Statutes 1992, section 18B.135, subdivision 1, is amended to read:

Subdivision 1. [ACCEPTANCE OF ~~RETURNABLE~~ *AGRICULTURAL* CONTAINERS.] (a) A person distributing, offering for sale, or selling ~~a pesticide~~ *an agricultural pesticide used for the production of food, feed, or fiber crop use* must accept empty *agricultural* pesticide containers ~~and the unused portion of pesticide that remains in the original container~~ from ~~a~~ *an agricultural* pesticide end user if:

(1) the *agricultural* pesticide was purchased after July 1, 1994; ~~and~~

*(2) the empty container is prepared for disposal in accordance with label instructions and is returned to a place within the state at which agricultural pesticides are distributed, offered for sale, or sold; and*

~~(2)~~ *(3)* a ~~place is~~ *collection site that is seasonably accessible on multiple days has* not *been* designated ~~in~~ *either by* the county *board or by agreement with other counties* for the public to return empty *agricultural* pesticide containers ~~and the unused portion of pesticide~~ *for the purpose of reuse or recycling or following other approved management practices for agricultural pesticide containers in the order of preference established in section 115A.02, paragraph (b), and the county or counties have notified the commissioner of their intentions, in writing, to manage the empty agricultural pesticide containers.*

(b) This subdivision does not prohibit the use of refillable and reusable pesticide containers.

(c) ~~The legislative water commission must prepare a report and make a recommendation to the legislature on the handling of waste pesticide containers and waste pesticides.~~ *If a county or counties designate a collection site as provided in paragraph (a), clause (3), a person who has been notified*

*by the county or counties of the designated collection site and who sells agricultural pesticides to a pesticide end user must notify purchasers of agricultural pesticides at the time of sale of the date and location designated for disposal of empty containers.*

Sec. 3. Minnesota Statutes 1992, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) A person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Aquaculture therapeutics shall be registered and labeled in the same manner as pesticides. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used ~~only~~ *for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or* with the written permission of the commissioner. *To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.*

(d) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

Sec. 4. Minnesota Statutes 1992, section 18E.03, subdivision 4, is amended to read:

Subd. 4. [FEE ~~THROUGH 1990~~.] (a) The response and reimbursement fee consists of the ~~surcharge~~ ~~fees~~ *surcharges and any adjustments made by the commissioner* in this subdivision and shall be collected ~~until March 1, 1991~~ *by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision.*

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the ~~period April 1, 1990, through December 31, 1990~~ *previous calendar year*. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by

out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

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

(1) a ~~$150~~ *$75* surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a ~~$150~~ *$75* surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

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

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

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

~~(6) a $25 surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.~~

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

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

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

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

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

Sec. 5. Minnesota Statutes 1992, section 18E.03, subdivision 6, is amended to read:

Subd. 6. [REVENUE SOURCES.] Revenue from the following sources

must be deposited in the state treasury and credited to the agricultural chemical response and reimbursement account:

(1) the proceeds of the fees imposed by subdivisions 3 and ~~5~~ *4*;

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

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

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

Sec. 6. Minnesota Statutes 1992, section 18E.03, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION AND REIMBURSEMENT.] The amount of the response and reimbursement fee imposed under subdivisions 3 ~~to 5~~ *and 4* is appropriated from the general fund to the agricultural chemical response and reimbursement account to be reimbursed when the fee is collected.

Sec. 7. [REPORT ON AGRICULTURAL PESTICIDE CONTAINERS AND WASTE AGRICULTURAL PESTICIDES.]

*The commissioner shall prepare a report with recommendations to the legislature by January 1, 1995, and a second report by January 1, 1997, on the handling of empty pesticide containers and unused portions of agricultural pesticides used for the production of food, feed, or fiber crop use using the following criteria:*

*(1) the minimization of the disposal of agricultural pesticide containers and waste agricultural pesticides;*

*(2) the collection and recycling of agricultural pesticide containers;*

*(3) the collection and disposal of waste agricultural pesticides; and*

*(4) recommendations for the internalization of the management costs for waste agricultural pesticides and agricultural pesticide containers amongst agricultural pesticide manufacturers, distributors, and retailers.*

Sec. 8. [REPEALER.]

*Minnesota Statutes 1992, section 18E.03, subdivision 5, is repealed.*"

Delete the title and insert:

"A bill for an act relating to agriculture; providing for the continued use of unregistered pesticides; modifying procedures for the return of empty agricultural pesticide containers and unused portions of agricultural pesticides; changing the amounts of the ACCRA surcharges; amending Minnesota Statutes 1992, sections 18B.065, by adding a subdivision; 18B.135, subdivision 1; 18B.26, subdivision 1; and 18E.03, subdivisions 4, 6, and 7; repealing Minnesota Statutes 1992, section 18E.03, subdivision 5."

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 604: A bill for an act relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; amending Minnesota Statutes 1992, sections 41B.03, subdivision 3; and 41C.05, subdivision 2.

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

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1992, section 41B.02, is amended by adding a subdivision to read:

*Subd. 1a.* [AMORTIZED RESTRUCTURED LOAN.] *"Amortized restructured loan" means a loan after it has been modified pursuant to section 41B.04, subdivision 9, paragraph (d).*

Sec. 2. Minnesota Statutes 1992, section 41B.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED INTEREST.] "Deferred interest" means that portion of the interest on primary principal and secondary principal the payment of which is deferred for the term of the *deferred restructured* loan. The deferred interest on primary principal may accrue at a different rate from the deferred interest on secondary principal as described in section 41B.04.

Sec. 3. Minnesota Statutes 1992, section 41B.02, is amended by adding a subdivision to read:

*Subd. 7a.* [DEFERRED RESTRUCTURED LOAN.] *"Deferred restructured loan" means a loan after it has been modified pursuant to section 41B.04, subdivision 9, paragraph (a).*

Sec. 4. Minnesota Statutes 1992, section 41B.02, subdivision 12, is amended to read:

Subd. 12. [PRIMARY PRINCIPAL.] "Primary principal" means that portion of the outstanding balance on a loan covered by section 41B.04 that is equal to the current market value of the property secured by the loan *or such lesser amount as may be established by the authority by rule.*

Sec. 5. Minnesota Statutes 1992, section 41B.02, subdivision 14, is amended to read:

Subd. 14. [RESTRUCTURED LOAN.] "Restructured loan" means *both* a *deferred restructured loan and an amortized restructured* loan after it is modified pursuant to section 41B.04.

Sec. 6. Minnesota Statutes 1992, section 41B.02, subdivision 15, is amended to read:

Subd. 15. [SECONDARY PRINCIPAL.] "Secondary principal" means that portion of the outstanding balance of a *deferred* restructured loan covered by section 41B.04 that is in excess of the ~~current market value of the property secured by the loan~~ *primary principal.*"

Page 2, line 9, delete "*provides justification*" and insert " *has either a four year degree in an agricultural program or certification as an adult farm management instructor*"

Page 2, after line 12, insert:

"Sec. 8. Minnesota Statutes 1992, section 41B.04, subdivision 9, is amended to read:

Subd. 9. [RESTRUCTURED LOAN AGREEMENT.] (a) *For a deferred restructured loan,* all payments on the primary and secondary principal ~~of the restructured loan~~, all payments of interest on the secondary principal, and an agreed portion of the interest payable to the eligible agricultural lender on the primary principal must be deferred to the end of the term of the loan.

(b) ~~A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time without prepayment penalty.~~

~~(c)~~ Interest on secondary principal must accrue at a below market interest rate.

~~(d)~~ *(c)* At the conclusion of the term of the restructured loan, the borrower owes primary principal, secondary principal, and deferred interest on primary and secondary principal. However, part of this balloon payment may be forgiven following an appraisal by the lender and the authority to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and authority on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the authority in the following order:

(1) deferred interest on secondary principal;

(2) secondary principal;

(3) deferred interest on primary principal;

(4) primary principal as provided in an agreement between the authority and the lender; and

(5) accrued but not deferred interest on primary principal.

*(d) For an amortized restructured loan, payments must include installments on primary principal and interest on the primary principal. An amortized restructured loan must be amortized over a time period and upon terms to be established by the authority by rule.*

*(e) A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time without prepayment penalty.*

~~(e)~~ *(f)* The authority may not participate in refinancing a restructured loan at the conclusion of the restructured loan.

Sec. 9. Minnesota Statutes 1992, section 41B.04, is amended by adding a subdivision to read:

*Subd. 17.* [APPLICATION AND ORIGINATION FEE.] *The authority may impose a reasonable nonrefundable application fee for each application and an origination fee for each loan issued under the loan restructuring program. The origination fee is 1.5 percent of the authority's participation interest in the loan and the application fee is $50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to a special account. Money in the account is*

*appropriated to the commissioner for administrative expenses for the loan restructuring program.*''

Page 2, line 22, delete everything after ''*Minnesota*''

Page 2, line 23, delete everything before the semicolon

Page 2, line 31, delete everything after ''*borrower*''

Page 2, line 32, delete everything before the semicolon

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after ''sections'' insert ''41B.02, subdivisions 7, 12, 14, 15, and by adding subdivisions;''

Page 1, line 5, after the semicolon, insert ''41B.04, subdivision 9, and by adding a subdivision;''

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

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 711: A bill for an act relating to the city of Inver Grove Heights; authorizing the extension of a tax increment financing district; authorizing the city to issue bonds in anticipation of the receipt of money from the state.

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

Page 1, delete lines 11 to 14 and insert ''*continues in effect until the earlier of (1) May 1, 2004; or (2) when all costs provided for in the tax increment plan relating to the district have been paid. In no event shall the city receive more than eight years of tax increments for the district and all tax increments received after May 1, 2002, in excess of the amount of local government aid lost by the city pursuant to Minnesota Statutes, section 273.1399, as a result of such tax increments, shall be used only to pay or reimburse capital costs of public road and bridge improvements.*''

Page 1, line 24, delete ''*$3,000,000*'' and insert ''*$4,000,000*''

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

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 998: A bill for an act relating to the city of Saint Paul; providing for a housing rehabilitation program; authorizing the issuance of general obligation bonds.

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

Page 5, line 7, after the period, insert ''*Except for properties that are part of a lease purchase program, the city or authority shall not own projects financed under this section for more than two years.*''

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

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 881: A bill for an act relating to health care cost containment; increasing the fine for failure to use a child passenger restraint system or seat belt; making failure to wear a seat belt a primary offense; increasing the tax on cigarettes; crediting a portion of the tax to a special account; prohibiting self-service of tobacco under certain circumstances; mandating a study of the required reporting of prenatal exposure to controlled substances; amending Minnesota Statutes 1992, sections 169.685, subdivision 5; 169.686, subdivision 1; 297.02, subdivision 1; 297.03, subdivision 5; and 297.13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

Page 2, line 1, reinstate the stricken language

Page 2, line 2, delete "*$100*" and insert "*$50*"

Page 2, line 13, strike "or" and insert a comma and after "(2)" insert ", *or (3)*" and reinstate the stricken "$25" and delete "*$100*"

Page 2, line 15, reinstate the stricken language and delete the new language

Page 2, line 16, strike "of the driver" and strike "or any child under"

Page 2, line 17, strike "the age of 11"

Page 5, line 8, delete "*commissioner*" and insert "*commission*"

Page 5, after line 13, insert:

"Sec. 9. [EFFECTIVE DATE.]

*Sections 1 to 8 are effective July 1, 1993.*"

Amend the title as follows:

Page 1, line 4, delete "or seat belt"

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

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1269: A bill for an act relating to tax increment financing; exempting housing districts from certain reductions in aid; changing procedures for determination of tax capacity; providing an option for receiving first increment; changing certain limits on expenditures for housing districts; changing the time period tax increments may be used for interest reduction programs; changing the maximum duration of housing districts; providing for consultation with the county commissioner of the proposed district; amending Minnesota Statutes 1992, sections 273.1399, subdivision 1; 469.174, subdivision 4; 469.175, subdivision 1, and by adding a subdivision; 469.176,

subdivisions 1 and 4f; 469.1763, subdivision 2; and 469.177, subdivisions 1 and 2.

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

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1152: A bill for an act relating to metropolitan government; setting conditions for tax equivalent payments; amending Minnesota Statutes 1992, section 473.341.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1281: A bill for an act relating to Polk county; permitting the consolidation of the offices of auditor and treasurer.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1062: A bill for an act relating to metropolitan government; providing for coordination and consolidation of public mobile radio communications systems; proposing coding for new law in Minnesota Statutes, chapter 473.

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

Delete everything after the enacting clause and insert:

"Section 1. [DEFINITIONS.]

*Subdivision 1.* [GENERAL.] *For the purposes of sections 1 to 7 the following terms have the meanings given in this section.*

*Subd. 2.* [PLANNING COMMITTEE.] *"Planning committee" means the metropolitan radio systems planning committee.*

*Subd. 3.* [LOCAL ELECTED OFFICIAL.] *"Local elected official" means any elected official of a local government, including, among others, tribal leaders from the Shakopee Mdewakanton Sioux community.*

*Subd. 4.* [LOCAL GOVERNMENT.] *"Local government" means any county, home rule charter, or statutory city, town, and the Mdewakanton Sioux community.*

*Subd. 5.* [METROPOLITAN AREA.] *"Metropolitan area" means the area within Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.*

*Subd. 6.* [800 MEGAHERTZ.] *"800 megahertz" means the following 800 megahertz channels: 821 to 824 and 866 to 869 megahertz.*

Sec. 2. [PLANNING COMMITTEE; MEMBERSHIP.]

*Subdivision 1.* [GENERAL.] *The metropolitan radio systems planning committee is established under the metropolitan council.*

*Subd. 2.* [MEMBERSHIP.] *The planning committee shall consist of 31 members. Sixteen shall be local elected officials appointed by the metropolitan council member from that member's metropolitan council district. One county board member shall be appointed by the county board of each of the seven counties in the metropolitan area.*

*The 24th member shall be appointed by the metropolitan council to represent the regional agencies, special districts, and other regional users of the system. The council's representative does not have to be an elected official. The 25th member shall be appointed by the sheriffs of the metropolitan counties from among their number. The 26th member shall be appointed by the chiefs of police of the metropolitan area from among their number. The 27th member shall be appointed by the fire chiefs of the metropolitan area from among their number. The 28th member shall be appointed from among the emergency medical service providers of the metropolitan area from among their number. The 29th member shall be the director of electronic communications for the department of transportation. The 30th member shall be appointed by the International Brotherhood of Electrical Workers Local 292. The 31st member shall be appointed by the Minnesota chapter of the association of public safety communications organizations. The members shall be appointed within 30 days of the effective date of this act.*

*Subd. 3.* [CHAIR.] *The chair of the planning committee shall be elected by a majority vote of the members of the planning committee.*

Sec. 3. [DUTIES OF THE PLANNING COMMITTEE.]

*Subdivision 1.* [GENERAL.] *The metropolitan council shall provide all staff and resources necessary to allow the planning committee to discharge its duties specified in this section.*

*Subd. 2.* [PLANNING.] *The planning committee shall:*

*(1) review the report and findings of the regional trunked radio task force and related metropolitan council recommendations;*

*(2) provide additional study of the current and future needs and capacities of radio systems in the metropolitan area both by local government unit and by user group;*

*(3) conduct a detailed analysis of all feasible options to address those needs;*

*(4) prepare a detailed plan allowing for coordinated, efficient, and cost-effective use of new 800 megahertz channels; and*

*(5) develop and evaluate feasible options to provide the most cost-effective public sector radio communications for the metropolitan area for both short-term and long-term needs.*

*Subd. 3.* [REVIEW CONSIDERATIONS.] *In performing its duties under this section, the planning committee may include the following considerations:*

*(1) identification and documentation of current uses, needs, and capacities, including growth and expansion capacities, by local government and by each major user group;*

*(2) estimation of two-year, five-year, and ten-year future needs by each local government and by each major user group;*

*(3) identification, based on analysis of clauses (1) and (2), of the relevant criteria by which a system or systems could be determined to meet the current and future needs;*

*(4) analysis of existing and projected technology based on the criteria established in clause (3) to develop at least three options for meeting current and future needs;*

*(5) identification by local government and by major user group, of the anticipated level and timeline for utilization of each option developed in clause (4);*

*(6) analysis of the expected cost of each option, including all regional, state, and local capital and operating costs associated with implementing each option, assuming the utilization levels and timelines identified in clause (5). This analysis shall include, but shall not be limited to, obtaining responses to "requests for information" for budgetary cost estimates for the options from at least two private vendors; or*

*(7) development of options for allocation of costs among local governments and user groups under the various funding mechanisms under the options developed in clause (4).*

*Subd. 4.* [PUBLIC MEETINGS.] *After completing its duties under subdivisions 2 and 3, the planning committee shall prepare a draft report which the metropolitan council shall provide to local governments and major user groups in the metropolitan area, and which draft report shall also be made available to the public. After preparing and disseminating the draft report and before presenting the final report to the legislature, the metropolitan council in conjunction with the planning committee shall hold at least one public meeting in each metropolitan council district on the draft report at which it shall explain the report and seek public comment. A record shall be kept of the public comments received and a summary of such comments shall be prepared.*

*Subd. 5.* [REPORT.] *By February 1, 1994, the metropolitan council shall report to the legislature its findings and recommendations as well as a summary of the public comment as called for in subdivisions 2 to 4. The report shall also identify any changes in statutory authority necessary to provide for implementation of the three most preferred options.*

Sec. 4. [LOCAL PARTICIPATION.]

*Local governments and user groups must cooperate with the planning committee in its preparation of the regional plan to ensure that local needs are met. No local government in the metropolitan area may apply to the Federal Communications Commission for 800 megahertz channels as defined herein prior to May 1, 1994, without prior approval of the metropolitan council. No state agency may apply to the Federal Communications Commission for 800 megahertz channels prior to May 1, 1994, if the application would directly affect the metropolitan area.*

Sec. 5. [USE OF LOANS.]

*The metropolitan council may continue to borrow from funds available under Minnesota Statutes, section 473.167, for the study and development of the metropolitan radio systems plan.*

Sec. 6. [APPLICATION.]

*This act applies in the metropolitan area.*

Sec. 7. [EFFECTIVE DATE.]

*This act is effective the day following final enactment and expires June 30, 1994.*''

Delete the title and insert:

''A bill for an act relating to metropolitan government; establishing a metropolitan radio systems planning committee under the metropolitan council.''

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

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1184: A bill for an act relating to transportation; authorizing road authorities to develop, finance, design, construct, improve, rehabilitate, own, and operate toll facilities and to enter into agreements with private operators for the construction, maintenance, and operation of toll facilities; proposing coding for new law in Minnesota Statutes, chapter 160.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1032: A bill for an act relating to commerce; regulating prize notices; requiring certain disclosures by solicitors; providing for reimbursement in certain cases; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

Delete everything after the enacting clause and insert:

''Section 1. [325F.755] [PRIZE NOTICES AND SOLICITATIONS.]

*Subdivision 1.* [DEFINITIONS.] *For purposes of this section, the following terms in this subdivision have the meanings given them.*

*(a) ''Prize'' means a gift, award, or other item or service of value that is offered or awarded to a participant in a real or purported contest, competition, sweepstakes, puzzle, drawing, scheme, plan, or other selection process.*

*(b) ''Retail value'' of a prize means:*

*(1) a price at which the sponsor can substantiate that a substantial number*

*of the prizes have been sold to the public in Minnesota in the preceding year; or*

*(2) if the sponsor is unable to satisfy the requirement in clause (1), then no more than 1.5 times the amount the sponsor paid for the prize in a bona fide purchase from an unaffiliated seller.*

*(c) "Sponsor" means a corporation, partnership, limited liability company, sole proprietorship, or natural person that requires a person in Minnesota to pay the sponsor money as a condition of awarding the person a prize, or as a condition of allowing the person to receive, use, compete for, or obtain information about a prize, or that creates the reasonable impression that such a payment is required.*

*Subd. 2.* [DISCLOSURES REQUIRED.] *(a) No sponsor shall require a person in Minnesota to pay the sponsor money as a condition of awarding the person a prize, or as a condition of allowing the person to receive, use, compete for, or obtain information about a prize, nor shall a sponsor use any solicitation that creates the reasonable impression that such a payment is required, unless the person has first received a written prize notice containing the information required in paragraphs (b) and (c).*

*(b) A written prize notice must contain each of the following:*

*(1) the true name or names of the sponsor and the address of the sponsor's actual principal place of business;*

*(2) the retail value of each prize the person receiving the notice has been selected to receive or may be eligible to receive;*

*(3) a statement of the person's odds of receiving each prize identified in the notice;*

*(4) any requirement that the person pay shipping or handling fees or any other charges to obtain or use a prize, including the nature and amount of the charges;*

*(5) if receipt of the prize is subject to a restriction, a statement that a restriction applies, and a description of the restriction;*

*(6) any limitations on eligibility; and*

*(7) if a sponsor represents that the person is a "winner," is a "finalist," has been "specially selected," is in "first place," or is otherwise among a limited group of persons with an enhanced likelihood of receiving a prize, the written prize notice must contain a statement of the maximum number of persons in the group or purported group with this enhanced likelihood of receiving a prize.*

*(c) The information required by paragraph (b) must be presented in the following form:*

*(1) the retail value and the statement of odds required under paragraph (b), clauses (2) and (3), must be stated in immediate proximity to each identification of a prize on the written notice, and must be in the same size and boldness of type as the reference to the prize;*

*(2) the statement of odds must include, for each prize, the total number of prizes to be given away and the total number of written prize notices to be*

*distributed. The number of prizes and written prize notices must be stated in Arabic numerals. The statement of odds must be in the following form:*

*"..... (number of prizes) out of ..... notices distributed.";*

*(3) if a person is required to pay shipping or handling fees or any other charges to obtain a prize, to be eligible to obtain a prize, or participate in a contest, the following statement must appear in immediate proximity to each listing of the prize in the written prize notice, in not less than ten-point boldface type: "YOU MUST PAY $..... TO RECEIVE THIS ITEM" or "YOU MUST PAY $..... TO COMPETE FOR THIS ITEM," whichever is applicable; and*

*(4) a statement required under paragraph (b), clause (7), must appear in immediate proximity to each representation that the person is among a group of persons with an enhanced likelihood of receiving a prize, and must be in the same size and boldness of type as the representation.*

*Subd. 3.* [PRIZE AWARD REQUIRED.] *A sponsor who represents to a person that the person has been awarded a prize shall, not later than 30 days after making the representation, provide the person with the prize, or with a voucher, certificate, or other document giving the person the unconditional right to receive the prize, or shall provide the person with either of the following items selected by the person:*

*(1) any other prize listed in the written prize notice that is available and that is of equal or greater value; or*

*(2) the retail value of the prize, as stated in the written notice, in the form of cash, a money order, or a certified check.*

*Subd. 4.* [ADVERTISING MEDIA EXEMPT.] *Nothing in this section creates liability for acts by the publisher, owner, agent, or employee of a newspaper, periodical, radio station, television station, cable television system, or other advertising medium arising out of the publication or dissemination of a solicitation, notice, or promotion governed by this section, unless the publisher, owner, agent, or employee had knowledge that the solicitation, notice, or promotion violated the requirements of this section, or had a financial interest in the solicitation, notice, or promotion.*

*Subd. 5.* [EXEMPTIONS.] *This section does not apply to solicitations or representations, in connection with (1) the sale or purchase of books, recordings, videocassettes, periodicals, and similar goods through a membership group or club which is regulated by the Federal Trade Commission pursuant to Code of Federal Regulations, title 16, part 425.1, concerning use of negative option plans by sellers in commerce; (2) the sale or purchase of goods ordered through a contractual plan or arrangement such as a continuity plan, subscription management, or a single sale or purchase series arrangement under which the seller ships goods to a consumer who has consented in advance to receive the goods and after the receipt of the goods is given the opportunity to examine the goods and to receive a full refund of charges for the goods upon return of the goods undamaged; or (3) sales by a catalog seller. For purposes of this section "catalog seller" shall mean any entity (and its subsidiaries) or person at least 50 percent of whose annual revenues are derived from the sale of products sold in connection with the distribution of catalogs of at least 24 pages, which contain written descriptions or illustrations and sale prices for each item of merchandise and which are*

*distributed in more than one state with a total annual distribution of at least 250,000.*

*Subd. 6.* [EXEMPTIONS FOR REGULATED ACTIVITIES.] *This section does not apply to advertising permitted and regulated under chapter 82A, concerning membership camping practices; advertising permitted and regulated under chapter 83, concerning subdivided lands and interests in subdivided lands; pari-mutuel betting on horse racing permitted and regulated under chapter 240; lawful gambling permitted and regulated under chapter 349; or the state lottery created and regulated under chapter 349A.*

*Subd. 7.* [VIOLATIONS.] *(a) Nothing in this section shall be construed to permit an activity otherwise prohibited by law.*

*(b) A violation of this section is also a violation of sections 325F.68 to 325F.71 and is subject to section 8.31.*

*(c) Whoever intentionally violates this section may be fined not more than $10,000 or imprisoned for not more than two years, or both. A violation is intentional if the violation occurs after the office of the attorney general has notified a person by certified mail that the person is in violation of this section, unless the court finds that the person was in fact in substantial compliance with this section.*

*(d) A person suffering pecuniary loss because of an intentional violation of this section may bring an action in any court of competent jurisdiction and shall recover costs, reasonable attorney fees, and the greater of: (1) $500; or (2) twice the amount of the pecuniary loss.*

*(e) The relief provided in this section is in addition to remedies or penalties otherwise available against the same conduct under common law or other statutes of this state.*"

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

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

S.F. No. 1276: A bill for an act relating to crime victims; restitution; requiring the deduction from a prison inmate's wages of unpaid restitution obligations from previous convictions; requiring the deduction of unpaid restitution obligations from tax refunds before deducting debts other than taxes and child support; permitting forfeited bail proceeds to be used to pay restitution obligations; waiving fees for the docketing of a restitution order as a civil judgment; amending Minnesota Statutes 1992, sections 243.23, subdivision 3; 270A.10; and 611A.04, subdivisions 1 and 3.

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

Pages 2 to 4, delete sections 2 and 3

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete lines 5 to 8

Page 1, line 9, delete "obligations;"

Page 1, line 12, delete "270A.10;" and delete "subdivisions 1 and" and insert "subdivision"

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

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

S.F. No. 1175: A bill for an act relating to animals; tightening laws prohibiting cruel treatment of certain animals; increasing certain penalties; amending Minnesota Statutes 1992, sections 343.21, subdivisions 9 and 10; and 346.44; proposing coding for new law in Minnesota Statutes, chapter 343.

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

Page 1, line 12, delete "*this section*" and insert "*subdivision 1 or 7*"

Page 1, line 13, after "*violation*" insert "*of subdivision 1 or 7*"

Page 1, line 23, strike "if" and insert "*unless*" and strike "unable or"

Page 1, line 24, strike "unfit" and insert "*able and fit*"

Page 2, lines 17 and 18, delete "*343.28, 343.30, 343.31,*"

Page 2, delete section 4

Page 2, lines 29 and 32, delete "*4*" and insert "*3*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "sections" and insert "section"

Page 1, line 5, delete "and 346.44;"

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

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

S.F. No. 67: A bill for an act relating to crime; clarifying the application of the tolling provision in the law governing criminal statutes of limitations; amending Minnesota Statutes 1992, section 628.26.

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

Page 2, after line 29, insert:

"Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Berg from the Committee on Gaming Regulation, to which was referred

S.F. No. 104: A bill for an act relating to lawful gambling; authorizing the use of pull-tab dispensing devices; amending Minnesota Statutes 1992, sections 349.12, subdivision 18; 349.13; and 349.151, subdivision 4.

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

Page 1, after line 6, insert:

"ARTICLE 1

PULL-TAB DISPENSING DEVICES"

Page 3, line 2, after "*permit*" insert ", *but not require,*"

Page 3, after line 10, insert:

"ARTICLE 2

VIDEO LOTTERY

Section 1. [DEFINITIONS.]

*Subdivision 1.* [BOARD.] *"Board" is the state lottery board.*

*Subd. 2.* [CREDIT.] *A "credit" has a cash value of 25 cents.*

*Subd. 3.* [DIRECTOR.] *"Director" is the director of the state lottery.*

*Subd. 4.* [LICENSED ESTABLISHMENT.] *"Licensed establishment" means an establishment licensed under Minnesota Statutes, chapter 340A, to sell, and engaged in the sale of intoxicating liquor for consumption on the premises where sold.*

*Subd. 5.* [LOTTERY.] *"Lottery" is the state lottery authorized in Minnesota Statutes, chapter 349A.*

*Subd. 6.* [NET MACHINE INCOME.] *"Net machine income" means money put into a video lottery machine minus credits paid out in cash.*

*Subd. 7.* [SERVICE EMPLOYEE.] *"Service employee" means an employee of an operator certified by the director to perform service, maintenance, and repair on video lottery machines.*

*Subd. 8.* [EPROM.] *"Eprom" means a computer chip that stores memory.*

*Subd. 9.* [VIDEO LOTTERY MACHINE.] *"Video lottery machine" or "machine" means an electronic video game machine that upon the insertion of a coin, token, or currency is available to simulate by video representation the play of poker, keno, or bingo, utilizing a video display and microprocessors in which, by chance, the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or tokens.*

*Subd. 10.* [VIDEO LOTTERY MACHINE DISTRIBUTOR.] *"Video lottery machine distributor" means an individual, partnership, corporation, or association that distributes or sells video lottery machines or associated equipment in this state.*

*Subd. 11.* [VIDEO LOTTERY MACHINE MANUFACTURER.] *"Video lottery machine manufacturer" means an individual, partnership, corpora-*

*tion, or association that assembles or produces video lottery machines or associated equipment for sale or use in this state.*

*Subd. 12.* [VIDEO LOTTERY MACHINE OPERATOR.] *"Video lottery machine operator" means an individual, partnership, corporation, or association that places video lottery machines or associated equipment for public use in this state.*

Sec. 2. [RULES.]

*The director may adopt rules, including emergency rules, under Minnesota Statutes, chapter 14, governing the following elements of the lottery:*

*(1) the number and types of lottery retailers' locations;*

*(2) qualifications of lottery retailers and application procedures for lottery retailer contracts;*

*(3) investigation of lottery retailer applicants;*

*(4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;*

*(5) compensation of lottery retailers;*

*(6) accounting for and deposit of lottery revenues by lottery retailers;*

*(7) procedures for issuing lottery procurement contracts and for the investigation of bidders on those contracts;*

*(8) payment of prizes;*

*(9) procedures needed to ensure the integrity and security of the lottery;*

*(10) specifications for video lottery machines, the components of the machines, and the central communication system used in the operation of the video lottery system; and*

*(11) other rules the director considers necessary for the efficient operation and administration of the lottery.*

*Before adopting a rule the director shall submit the rule to the board for its review and comment. In adopting rules under clause (10), the director shall take into consideration standards adopted in other jurisdictions.*

Sec. 3. [CRIMINAL HISTORY.]

*The director may request the director of gambling enforcement to investigate all applicants for video lottery machine manufacturer, distributor, operator, and establishment licenses to determine their compliance with the requirements of section 13, subdivision 4. The director has access to all criminal history data compiled by the director of gambling enforcement on any person holding or applying for a video lottery machine manufacturer, distributor, operator, or establishment license.*

Sec. 4. [VIDEO LOTTERY MACHINE MANUFACTURERS, DISTRIBUTORS, OPERATORS, AND ESTABLISHMENTS.]

*A person who is a a video lottery machine manufacturer, distributor, operator, or a licensed establishment, or who is applying to be a video lottery machine manufacturer, distributor, operator, or licensed establishment may not pay, give, or make any economic opportunity, gift, loan, gratuity, special*

*discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over $100 in any calendar year to the director, board member, employee of the lottery board, or to a member of the immediate family residing in the same household as that person.*

Sec. 5. [REQUIREMENTS FOR LICENSED VIDEO LOTTERY MACHINES.]

*A video lottery machine licensed under this article must:*

*(1) offer only games approved by the director;*

*(2) not have any means of manipulation that affect the random probabilities of winning a video lottery game; and*

*(3) have a minimum of one electronic or mechanical coin accepter that must be installed in each video lottery machine. A video lottery machine may also contain bill accepters for $1 bills, $5 bills, $10 bills, and $20 bills. The bill accepters may be for any single bill or combination of bills in the denominations listed in this clause. Approval letters and test reports of the coin and bill accepters from other state or federal jurisdictions may be submitted. However, all coin and bill accepters are subject to approval by the director.*

Sec. 6. [LIMIT ON AMOUNT PLAYED AND AWARDS GIVEN.]

*A video lottery machine must not allow more than $2 to be played on a game and must not award free games or credits in excess of the value of $125 per credit value of 25 cents played. The payback value of one credit must be at least 88 percent and not more than 95 percent of the value of the credit.*

Sec. 7. [DISPLAY OF LICENSE FOR VIDEO LOTTERY MACHINE; CONFISCATION; VIOLATION.]

*A video lottery machine must be licensed by the director before placement or operation on the premises of a licensed establishment. The machine must have the license prominently displayed on it. A machine that does not display the license required by this section is contraband and subject to confiscation by a law enforcement officer. A violation of this section is a misdemeanor.*

Sec. 8. [APPLICATION FOR APPROVAL OF A VIDEO LOTTERY MACHINE.]

*A manufacturer or distributor must not distribute a video lottery machine for placement in the state unless the machine has been approved by the director. A manufacturer may apply for approval of a video lottery machine or associated equipment while an application for the manufacturer's license is pending, provided that no machine or associated equipment may be distributed for placement until the license application has been approved.*

Sec. 9. [EXAMINATION OF VIDEO LOTTERY MACHINES.]

*The director must examine prototypes of video lottery machines and associated equipment of manufacturers seeking a license as required in this chapter. The director must require a manufacturer seeking examination and approval of a video lottery machine or associated equipment to pay the anticipated actual costs of the examination in advance and, after the completion of the examination, must refund overpayments or charge and collect amounts sufficient to reimburse the lottery for underpayment of actual*

*costs. The director may contract for the examination of video lottery machines and associated equipment as required by this section.*

Sec. 10. [TESTING OF VIDEO LOTTERY MACHINES.]

*The director may require working models of a video lottery machine to be transported to a location the director designates for testing, examination, and analysis. The manufacturer must pay all costs of testing, examination, analysis, and transportation of the machine models.*

Sec. 11. [REPORT OF TEST RESULTS.]

*After each test has been completed, the director must provide the machine manufacturer with a report that contains findings, conclusions, and pass/fail results. The report may contain recommendations for modifications to bring the machine into compliance with law and rules.*

Sec. 12. [MODIFICATIONS TO PREVIOUSLY APPROVED MODELS.]

*The machine manufacturer and distributor are responsible for the assembly and initial operation of a video lottery machine and associated equipment in the manner approved and specified in a license issued by the director. The manufacturer and distributor must not change the assembly or operational functions of a machine for placement in the state unless a request for modification has been approved by the director.*

Sec. 13. [VIDEO LOTTERY MACHINE MANUFACTURERS, DISTRIBUTORS, OPERATORS, ESTABLISHMENTS; LICENSES; PROHIBITIONS.]

*Subdivision 1.* [LICENSE REQUIRED.] *A person must not engage in business as a video lottery machine manufacturer, distributor, operator, or licensed establishment in this state without a license from the director under this section.*

*Subd. 2.* [CONDITION ON LICENSED ESTABLISHMENTS.] *(a) As a condition of the issuance of a license under this article, a licensed establishment, which as of March 31, 1993, leases space in the licensed establishment to an organization licensed to conduct lawful gambling under Minnesota Statutes, chapter 349, must continue to lease space to a licensed organization for the duration of the license of the licensed establishment.*

*(b) Any licensed establishment in which a video lottery machine is placed and operated must provide training to its employees for the recognition and prevention of compulsive gambling in accordance with standards established by the director*

*Subd. 3.* [PROHIBITIONS.] *(a) A video lottery machine manufacturer must not sell, offer for sale, or furnish a video lottery machine for use in this state to a person who is not a video lottery machine distributor licensed by the director.*

*(b) A video lottery machine distributor must not sell, offer for sale, or furnish a video lottery machine for use in the state to a person who is not a licensed video lottery machine operator.*

*(c) A video lottery machine operator must not lease or furnish a video lottery machine for use in this state to a licensed establishment that is not licensed by the director.*

*(d) A licensed establishment must not lease a video lottery machine from a person not licensed as a video lottery machine operator.*

*Subd. 4.* [APPLICATION.] *(a) An application for a video lottery machine manufacturer, distributor, operator, or licensed establishment license must be accompanied by a corporate surety bond issued by a surety licensed to do business in this state in an amount determined by the director conditioned on compliance by the applicant with the provisions of the license. The bond required by this subdivision must be kept in full force during the period covered by the license.*

*(b) Upon receipt of the application, the bond in proper form, and payment of the license fee required under this section, the director must issue a license, in a form prescribed by the director, to the applicant unless the director determines that the applicant is otherwise unqualified. A refusal to issue a license is a contested case under Minnesota Statutes, sections 14.57 to 14.69.*

*(c) The license permits the applicant to whom it is issued to engage in business as a video lottery machine manufacturer, distributor, operator, or licensed establishment at the place of business shown in the application. The director must assign a license number to each licensee when the initial license is issued. The license number must be inscribed on all licenses issued to a manufacturer, distributor, operator, or licensed establishment.*

*Subd. 5.* [QUALIFICATIONS.] *(a) A license may not be issued under this section to a video lottery machine manufacturer, distributor, operator, or licensed establishment that has as a partner, officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the applicant, a person who has either (1) for a license for a video lottery machine operator or a licensed establishment, within the previous five years been convicted of a felony or gross misdemeanor, a crime involving fraud or misrepresentation, or owes $500 or more in delinquent taxes as defined in Minnesota Statutes, section 270.72, or a gambling-related offense; or (2) for a license for a video lottery manufacturer or distributor, fails to satisfy the requirements contained in Minnesota Statutes, section 299L.07, subdivision 3.*

*(b) A video lottery machine operator must be a resident of this state and, if a partnership or corporation, the majority of ownership interests must be held by residents of this state.*

*(c) The director shall require that all service employees or other persons authorized to open a video lottery machine be fingerprinted. The director may charge a fee for the fingerprinting.*

*(d) The director may adopt rules to establish additional requirements to preserve the integrity and security of the lottery.*

*Subd. 6.* [LICENSE FEES.] *The annual license fees for video lottery machine manufacturers, distributors, operators, and licensed establishments are:*

*(1) $5,000 for a video lottery machine manufacturer's license;*

*(2) $5,000 for a video lottery machine distributor's license;*

*(3) $1,000 for a video lottery machine operator's license for up to 25 licensed machines and $100 per licensed machine thereafter; and*

*(4) $100 for a retailer at whose establishment a video lottery machine is located.*

*The fees collected in this subdivision shall be used to pay for the costs of conducting background investigations for licensees.*

*A license issued under this section is not transferable or assignable without the express written consent of the director.*

*Subd. 7.* [RECORDS.] *(a) Manufacturers, distributors, and operators of video lottery machines must maintain a record of all video lottery machines sold or purchased. The record must include:*

*(1) the identity of the person or firm to whom the video lottery machine was sold;*

*(2) the identity of the person or firm from whom the video lottery machine was purchased;*

*(3) the registration number of the video lottery machine; and*

*(4) the date of sale.*

*(b) The invoice for each sale must be retained for at least three years after the sale is completed and a copy of the invoice is delivered to the director. For purposes of this subdivision, a sale is completed when the video lottery machine is physically delivered to the purchaser.*

*(c) Manufacturers and distributors must report monthly to the director, in a form the director prescribes, their sales of each type of video lottery machine. The director or the director of gambling enforcement may inspect or cause to have inspected the books, records, and other documents of a manufacturer or distributor at any reasonable time without notice and without a search warrant.*

Sec. 14. [INVESTIGATION FEE.]

*The director may charge a nonrefundable investigation fee to a person applying for a license as a video lottery machine manufacturer, distributor, operator, or licensed establishment in an amount sufficient to cover the cost of making the investigation required by section 3. The director may also charge a nonrefundable fee for an annual investigation of a licensee.*

Sec. 15. [MAINTENANCE LOG FORMS REQUIRED.]

*A written maintenance log must be kept in the main cabinet access area of a video lottery machine. Every person, including lottery and law enforcement personnel, who gains entry into an internal space of a video lottery machine must sign the log, indicate the time and date of entry, indicate the mechanical meter readings, and list the area inspected or repaired. The maintenance log forms must be obtained from the director and retained by operators for a period of three years from the date of the last entry. The maintenance logs must be available for inspection by the director upon request.*

Sec. 16. [KEYS TO MACHINES.]

*An operator must provide to the director master keys in a number determined by the director for access to the main cabinet door and locked logic area of a machine placed in operation.*

Sec. 17. [NOTIFICATION OF REPAIRS TO THE LOGIC AREA.]

*A repair to the logic board or circuitry within the logic area must be reported by the operator to the director immediately upon completion of the repair. The operator must also submit a written report of the repair to the director within 24 hours. If a logic board is replaced, the report must include the serial number of the replacement board.*

Sec. 18. [NOTIFICATION OF BROKEN SEALS ON LOGIC BOARD.]

*The eproms on the logic board of a video lottery machine must be sealed by the lottery after initial inspection. An operator must inform the director in writing of a break or tear in the sealed tape noticed during routine maintenance checks that were not the result of a repair under section 17.*

Sec. 19. [PAYMENT FOR CREDITS.]

*(a) A licensed establishment must pay for all credits won in the operation of the video lottery machine upon presentment of a valid winning ticket voucher displaying the credits awarded to the player. The establishment must not pay a player on the basis of a ticket voucher that has been defaced or tampered with. Upon payment to the player, the establishment must immediately cancel the ticket voucher in a manner that prevents its reuse.*

*(b) The licensed establishment is responsible for accounting for all disbursements paid for credits won by the player, and must supply that information to the director and to the operator.*

*(c) The operator is responsible for accounting to the establishment and to the director the machine income and must remit to the director the state's percentage of net machine income within the time periods required.*

Sec. 20. [RESTRICTION ON PAYMENT OF CREDITS.]

*A licensed establishment may redeem tickets only for credits awarded on video lottery machines located on its premises. A ticket must be presented for payment before the close of business on the date the ticket was printed. Neither the lottery nor the state is liable for the payment of credits on valid winning tickets. A ticket redeemed by a licensed establishment must be marked or defaced in a manner that prevents subsequent presentment and payment.*

Sec. 21. [LIABILITY FOR MACHINE MALFUNCTION.]

*Neither the lottery nor the state is responsible for a machine malfunction that causes credits to be wrongfully awarded or denied to players. The operator is solely responsible for a wrongful award or denial of credits. An operator's liability is limited to the number of credits for the game displayed in the game rules and may not be greater than $1,000 for any succession of games played.*

Sec. 22. [PROHIBITION.]

*A distributor or operator of a video lottery machine must not also be a wholesale distributor of liquor or alcoholic beverages.*

Sec. 23. [MULTIPLE TYPES OF LICENSES PROHIBITED.]

*A video lottery machine manufacturer must not be licensed as a video lottery machine distributor or operator or own, manage, or control a licensed establishment. A video lottery machine distributor must not be licensed as a video lottery machine operator or own, manage, or control a licensed establishment. A video lottery machine operator must not be licensed as a*

*video lottery machine manufacturer or distributor. An owner or manager of a licensed establishment must not be licensed as a video lottery machine manufacturer or distributor.*

Sec. 24. [RULES FOR PLACEMENT OF VIDEO LOTTERY MACHINES; NUMBER LIMITED; SECURITY.]

*Subdivision 1.* [NUMBER OF MACHINES.] *A maximum of two video lottery machines may be placed in a licensed establishment. The placement of a video lottery machine in a licensed establishment is subject to the rules of the director.*

*Subd. 2.* [SECURITY.] *The licensed establishment is required to install a camera surveillance system.*

Sec. 25. [HOURS OF OPERATIONS OF MACHINES.]

*A video lottery machine may be played only during the legal hours for on-sale consumption of alcoholic beverages as provided in Minnesota Statutes, chapter 340A.*

Sec. 26. [VIDEO LOTTERY MACHINE INCOME; REMITTANCE TO STATE; PENALTIES.]

*(a) The percentages of the net machine income from the operation of a video lottery machine referred to in this section constitute a trust fund until paid to the director. The licensed establishment and the video lottery machine operator are jointly and severally liable for the state's share of the net machine income.*

*(b) The state is entitled to 30 percent of the net machine income from the operation of a video lottery machine. Of the state's percentage, .... percent of the net machine income shall be directed to the commissioner of human services for the compulsive gambling treatment program as provided in Minnesota Statutes, section 245.98. One percent of the proceeds of the tax shall be paid to the board of arts in Minnesota Statutes, chapter 129D, to be used for programs and grants consistent with that chapter. The proceeds received by the board in this subdivision are in addition to other money appropriated to the board.*

*(c) Any organization licensed under Minnesota Statutes, chapter 349, and conducting lawful gambling in the licensed establishment is entitled to ten percent of the net machine income from the operation of a video lottery machine or a greater percentage as determined under paragraph (g). A local statutory or home rule charter city or county may require by ordinance that the organization contribute up to ten percent of the amount of net machine income the organization receives to a fund administered and regulated by the responsible local unit of government for disbursement by the responsible local unit of government for lawful purposes contributions or expenditures, as defined in Minnesota Statutes, section 349.12, subdivision 25, paragraph (a). If there is no organization conducting lawful gambling at the licensed establishment, the ten percent shall be remitted to the local statutory or home rule charter city or county in which the licensed establishment is located for the purpose of economic development within that jurisdiction.*

*(d) The state's percentage and the percentage under paragraph (c) of net machine income must be reported and remitted to the director on the days determined by the director.*

*(e) An operator who falsely reports or fails to report the amount due as required by this section is guilty of a misdemeanor and is subject to termination of the operator's license.*

*(f) An operator must keep a record of net machine income in the form the director requires. A payment not remitted when due must be paid together with a penalty assessment on the unpaid balance at a rate of 1-1/2 percent per month.*

*(g) If the ten percent figure in paragraph (c) when added to the gross profits from lawful gambling at that location for that year does not meet or exceed 110 percent of the gross profits from lawful gambling in 1992 at that location, then the organization is entitled to an additional amount of the net machine income necessary to reach this 110 percent figure. The director may require the licensed organization and the licensed establishment to submit information necessary to implement this paragraph and paragraph (c).*

Sec. 27. [REMITTANCE THROUGH ELECTRONIC TRANSFER OF FUNDS.]

*The operator of a video lottery machine must remit the state's percentage of net machine income through the electronic transfer of funds. The operator must furnish to the director all information and bank authorizations required to facilitate timely payment to the director. The operator must provide the director 30 days' advance notice of a proposed account change to ensure the uninterrupted electronic transfer of funds.*

Sec. 28. [INTEREST ON LATE PAYMENT OR INSUFFICIENT FUNDS PAYMENT.]

*An operator must maintain a balance in its account in an amount to cover the state's percentage of net machine income set forth in section 26. If an operator fails to maintain a balance in the account as required by this section, the director must assess interest at the rate of 1-1/2 percent per month on the unpaid balance. If an operator fails to remit full payment, including interest, before the next payment date, the director may disable the machine and prevent further play, suspend or revoke the operator's license, or impose a civil fine.*

Sec. 29. [AUDIT TAPE.]

*An operator must retain an audit tape that records an exact duplicate of tickets printed and transactions recorded in the video lottery machine. The audit tape must be kept for a period of three years, identified by machine, and stored in a secure area.*

Sec. 30. [INCOME RECORD KEEPING.]

*An operator must keep accurate records of net machine income generated from a machine. The director must prepare and mail to the operator a statement reflecting the net machine income and the state's percentage of that amount before the date payment is remitted through the electronic transfer of funds. An operator must report to the director any discrepancies in net machine income between the lottery's statement and a machine's mechanical and electronic meter readings. The director is not responsible for resolving discrepancies in net machine income between actual money collected and the amount shown on the accounting meters or billing statement. In the event of a discrepancy, the operator must submit to the director information, includ-*

*ing, without limitation, current mechanical meter readings and the audit ticket that contains electronic meter readings generated by the machine's software, necessary to resolve the discrepancy.*

Sec. 31. [REQUEST FOR REPORTS.]

*An operator may request, and the director must supply to the extent available, additional reports on play transactions of a video lottery machine and other marketing information not considered confidential by the director. The director may charge a fee for the cost of producing and mailing the reports and information.*

Sec. 32. [REVOCATION, SUSPENSION, AND REFUSAL TO RENEW LICENSES.]

*(a) The director must revoke the license of a video lottery machine manufacturer, distributor, operator, or licensed establishment that:*

*(1) for an operator of a licensed establishment, has been convicted of a felony, gross misdemeanor, or a gambling-related offense within the previous five years, or, for a video lottery machine manufacturer or distributor, has been convicted of a gambling-related offense at any time;*

*(2) has provided false or misleading information to the division;*

*(3) fails to comply with section 13, subdivision 2; or*

*(4) for a video lottery manufacturer or distributor, fails to comply with the requirements in Minnesota Statutes, section 299L.07, subdivision 3.*

*(b) The director may revoke, suspend, or refuse to renew the license of a video lottery machine manufacturer, distributor, operator, or licensed establishment that:*

*(1) fails to remit funds to the director in accordance with the director's rules;*

*(2) violates a law or a rule or order of the director;*

*(3) fails to comply with any of the terms in the license;*

*(4) fails to comply with bond requirements under section 13, subdivision 4; or*

*(5) has violated Minnesota Statutes, section 340A.503, subdivision 2, clause (1), two or more times within a two-year period.*

*(c) The director may also revoke, suspend, or refuse to renew a license of a video lottery machine manufacturer, distributor, operator, or licensed establishment if there is a material change in any of the factors considered by the director under section 13, subdivision 4.*

*(d) A license cancellation, suspension, or refusal to renew under this subdivision is a contested case under Minnesota Statutes, sections 14.57 to 14.69, and is in addition to any criminal penalties provided for a violation of law or rule.*

*(e) The director may temporarily suspend a license without notice for any of the reasons specified in this section provided that a hearing is conducted within seven days after a request for a hearing is made by a licensee. Within 20 days after receiving the administrative law judge's report, the director*

*shall issue an order vacating the temporary suspension or making any other appropriate order. If no hearing is requested within 30 days of the temporary suspension taking effect, the director may issue an order making the suspension permanent.*

Sec. 33. [TAMPERING WITH VIDEO LOTTERY MACHINES; PENALTY.]

*A person who tampers with a video lottery machine with intent to interfere with the proper operation of the machine is guilty of a gross misdemeanor.*

Sec. 34. [MANIPULATING OUTCOME, PAYOFF, OR OPERATION OF A VIDEO LOTTERY MACHINE; PENALTY.]

*A person who with intent to manipulate the outcome, payoff, or operation of a video lottery machine, manipulates the outcome, payoff, or operation by tampering or by other means is guilty of a misdemeanor.*

Sec. 35. [AGE.]

*(a) A licensed establishment must not allow a person under the age of 21 to operate a video lottery machine.*

*(b) A person under the age of 21 must not operate a video lottery machine.*

*(c) It is an affirmative defense under paragraph (a) for the licensed establishment to prove by a preponderance of the evidence that the licensed establishment reasonably and in good faith relied on representation of proof of age described in Minnesota Statutes, section 340A.503, subdivision 6, in allowing the operation of the video lottery machine.*

Sec. 36. [SERVICE AND REPAIR; TRAINING.]

*(a) A video lottery machine must not be placed in operation in the state until training that has been approved by the director in the service and repair of the machine has taken place as hereafter provided.*

*(b) A manufacturer or distributor must provide training in the service and repair of each machine model approved by the director.*

*(c) A video lottery machine must not be placed in operation in the state until the manufacturer or distributor has provided the required training in the service and repair of the machine model approved by the director.*

*(d) A manufacturer or distributor must provide the training to the operator and its service employees and must certify to the director that the required training has been completed.*

*(e) A manufacturer or distributor must provide subsequent training programs to inform operators of new developments in the service and repair of its machines.*

*(f) A manufacturer or distributor must inform the director of the names of operators and service employees who attend and successfully complete each training program. The director must issue a certificate to each person certified signifying that the person is certified to service and repair video lottery machines of the particular manufacturer and model.*

Sec. 37. [MAINTENANCE OF VIDEO LOTTERY MACHINES.]

*Video lottery machines must be serviced and maintained in a manner and condition approved by the director.*

Sec. 38. [INSPECTIONS.]

*Manufacturers, distributors, operators, and licensed establishments must provide immediate access to all records and the physical premises of the business for inspection at the request of the director.*

Sec. 39. [TELEPHONE LINES.]

*The operator of a video lottery machine is responsible for the installation, operation, and funding of telephone lines into a licensed establishment as required by the director to provide direct communication between the machine and the central computer operated by the lottery.*

Sec. 40. [LOCATION AGREEMENTS.]

*(a) A video lottery machine operator must have a location agreement that is approved by the director with the licensed establishment providing at least the following:*

*(1) designation of the location where the video lottery machine is to be placed for use by the public; and*

*(2) provision for the share in revenue generated from net machine income to be apportioned to the operator and to the licensed establishment.*

*(b) A copy of the location agreement must be retained by the operator and the licensed establishment and be available for review and inspection by the director.*

*(c) The location agreement may contain other terms and conditions agreed to by the operator and licensed establishment.*

Sec. 41. [RESTRICTIONS.]

*Nothing in this chapter:*

*(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under Minnesota Statutes, chapter 240; and*

*(2) authorizes the director to sell pull-tabs as defined under Minnesota Statutes, section 349.12, subdivision 32.*

Sec. 42. [GAMBLING DEVICE.]

*A gambling device is a contrivance which for a consideration affords the player an opportunity to obtain something of value, other than free plays, automatically from the machine or otherwise, the award of which is determined principally by chance. "Gambling device" also includes a video game of chance, as defined in Minnesota Statutes, section 609.75, subdivision 8, but does not include a video lottery machine operated under this article.*

Sec. 43. [STATE LOTTERY.]

*Minnesota Statutes, sections 609.755 and 609.76, do not prohibit the operation of the state lottery; the sale, possession, or purchase of tickets for*

*the state lottery; or the manufacture, sale, placement, or operation of a video lottery machine under this article.*

Sec. 44. [VIDEO LOTTERY PILOT PROGRAM TASK FORCE.]

*Subdivision 1.* [CREATION.] *A task force is created to evaluate the video lottery pilot program. The task force shall consist of the following ten members: the chairs of the senate gaming regulation committee and the house of representatives governmental operations and gaming committee, the director of the gambling control board, the director of the division of gambling enforcement in the department of public safety, the director of the state lottery, the commissioner of revenue or the commissioner's designee, a representative of the attorney general's office, a county official from a county in the pilot program area, a representative from the department of human service's compulsive gambling program, a local law enforcement official from a county in the pilot program area, and a representative from an Indian tribe that conducts class III gaming, as defined in the Indian Gaming Regulatory Act, Public Law Number 100-497.*

*Subd. 2.* [CHAIR.] *The members of the task force shall select one of its members by popular vote to serve as the chair of the task force.*

*Subd. 3.* [DUTIES.] *The task force shall conduct a study of the video lottery pilot program and make recommendations concerning the following issues:*

*(1) the economic impact of video lottery on the entertainment industry, communities in which video lottery is conducted, Indian gaming, the state lottery, and pari-mutuel horse racing;*

*(2) the social impact of video lottery on compulsive gambling and the receptivity of video lottery by communities in the state;*

*(3) the criminal impact of video lottery on organized crime, crimes related to the operation of video lottery, and crimes caused by compulsive gamblers;*

*(4) the administrative impact on the state lottery, department of revenue, division of gambling enforcement; and*

*(5) the costs and benefits and feasibility of conducting video lottery on a permanent basis.*

*Subd. 4.* [REPORT.] *The task force shall submit a written report containing its recommendations and findings to the legislature by January 1, 1995.*

Sec. 45. [REPEALER.]

*This article is repealed August 1, 1995.*

Sec. 46. [EFFECTIVE DATE.]

*This article is effective after July 31, 1993, in all of the counties in the state.*"

Delete the title and insert:

"A bill for an act relating to the lottery; establishing a two-year statewide pilot program authorizing and regulating the use of video lottery machines; regulating video lottery manufacturers, distributors, operators, and licensed establishments; creating a video lottery pilot program task force; authorizing the use of pull-tab dispensing devices; prescribing penalties; amending

Minnesota Statutes 1992, sections 349.12, subdivision 18; 349.13; and 349.15, subdivision 4."

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1471: A bill for an act relating to agriculture; providing compensation for crops and livestock damaged by wildlife; establishing a procedure for damage claims; appropriating money; amending Minnesota Statutes 1992, section 97A.475, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Ms. Reichgott from the Committee on Judiciary, to which was re-referred

S.F. No. 730: A bill for an act relating to agriculture; regulating dairy trade practices; providing for fees; changing enforcement procedures; amending Minnesota Statutes 1992, sections 32A.01; 32A.04; 32A.05, subdivisions 1, 4, and by adding subdivisions; 32A.07; 32A.071; 32A.08; and 32A.09, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 32A; repealing Minnesota Statutes 1992, sections 32A.03; 32A.05, subdivision 3; 32A.071, subdivisions 1 and 2; and 32A.09, subdivisions 5 and 6.

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

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

*Subd. 8a.* [DAIRY TRADE PRACTICES.] *Certain information obtained by the commissioner of agriculture on dairy marketers or retailers is classified in section 9.*"

Page 12, delete section 4

Page 14, line 34, delete "*All*" and insert "*Financial and production*"

Page 14, line 35, delete "*on*" and insert "*from*" and delete "*or*" and insert "*and*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "sections" insert "13.99, by adding a subdivision;"

Page 1, line 5, delete "subdivisions 1," and insert "subdivision"

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

Ms. Reichgott from the Committee on Judiciary, to which was referred

S.F. No. 1124: A bill for an act relating to county records; providing for the use of certain fees; amending Minnesota Statutes 1992, section 357.18, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Reichgott from the Committee on Judiciary, to which was referred

S.F. No. 1293: A bill for an act relating to jury management; increasing the fee for jury trial requests; authorizing the supreme court to set the compensation and travel reimbursement of jurors; amending Minnesota Statutes 1992, sections 357.021, subdivision 2; and 593.48.

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

Page 3, line 9, after "*for*" insert "*additional*" and after "*expenses*" insert "*incurred as a result of jury duty*"

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

Ms. Reichgott from the Committee on Judiciary, to which was re-referred

S.F. No. 399: A bill for an act relating to human services; modifying the STRIDE program; requiring a work component; modifying the aid to families with dependent children program; amending Minnesota Statutes 1992, sections 13.46, subdivision 2; 256.73, subdivisions 2, 3a, and 5; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; and 270B.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 256.

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

Pages 1 to 3, delete section 1

Page 10, line 8, after "*for*" insert "*purposes of*"

Page 10, line 15, delete "*good cause*" and insert "'"*good cause*"'"

Page 29, delete section 20

Page 29, line 27, delete "*4, 16, and 17*" and insert "*3, 15, and 16*"

Page 29, line 28, delete "*5 to 15*" and insert "*4 to 14*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 5 and 6, delete "13.46, subdivision 2;"

Page 1, line 9, after the second semicolon, insert "and"

Page 1, line 10, delete everything before "proposing"

And when so amended the bill be re-referred to the Committee on Family Services without recommendation. Amendments adopted. Report adopted.

Ms. Reichgott from the Committee on Judiciary, to which was re-referred

S.F. No. 836: A bill for an act relating to agriculture; repealing the dairy unfair trade practices act; imposing an assessment on selected dairy products; changing enforcement procedures; providing for fees; providing penalties; amending Minnesota Statutes 1992, sections 17.982, subdivision 1; 17.983, subdivision 1; 17.984, subdivision 1; and 32.394, subdivisions 8d and 9; proposing coding for new law in Minnesota Statutes, chapter 32; repealing Minnesota Statutes 1992, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.071; 32A.08; and 32A.09.

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

Page 1, after line 13, insert:

"Section 1. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

*Subd. 8a.* [MILK PREMIUM INFORMATION.] *Certain information obtained by the commissioner of agriculture on a manufacturer or wholesaler of dairy products is classified in section 8, subdivision 3.*"

Page 4, line 28, delete "*9*" and insert "*10*"

Page 5, line 26, delete "*All*" and insert "*Financial and production*"

Page 5, line 27, delete "*on*" and insert "*from*" and delete "*or*" and insert "*and*"

Page 5, line 28, delete "*6 to 9*" and insert "*7 to 10*"

Page 6, line 36, delete "*9*" and insert "*10*"

Page 7, lines 1 and 10, delete "*9*" and insert "*10*"

Page 7, line 8, delete "*12*" and insert "*13*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after "sections" insert "13.99, by adding a subdivision;"

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

Mrs. Adkins from the Committee on Metropolitan and Local Government, to which was re-referred

S.F. No. 124: A bill for an act relating to local government; permitting the creation of regional public library districts; amending Minnesota Statutes 1992, sections 134.001, by adding a subdivision; and 134.351, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 134.

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

Page 2, line 9, after "*(2)*" insert "*and with the approval of the board of the regional public library district*"

Page 2, lines 10 and 12, delete "*system*" and insert "*district*"

Page 2, delete lines 14 to 27 and insert:

"*Subd. 4.* [BOARD.] *(a) If the district is formed under subdivision 2, clause (1), the board of the public regional library district shall be composed of one county commissioner or the commissioner's designee from each county in the district's service area and one elected member from each county for each ten percent or a major fraction of the district's population. A majority of the members of the board must be elected members.*

*(b) If the district is formed under subdivision 2, clause (2), the board of the regional library district shall be composed of one member elected from each county in the district's service area and one member elected from each county for each ten percent or a major fraction of the district's population.*

*(c) Elected board members shall be elected at large from a county at a November election. Board members elected shall assume office on the following January 2. The term of a member shall be four years, with the terms of an initial board to expire in two years for one-half of the members. The board shall organize itself under section 134.11, subdivision 1. The board has the powers and duties set forth in section 134.11, subdivision 2.*"

Page 4, after line 3, insert:

"Sec. 3. Minnesota Statutes 1992, section 134.35, subdivision 1, is amended to read:

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. *Regional public library systems may not compensate board members using grant funds.* The amount of each grant for each fiscal year shall be calculated as provided in this section."

Page 4, after line 24, insert:

"Sec. 5. Minnesota Statutes 1992, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district *except for regional library districts established under section 134.201*, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district, *regional library district, if in existence, and* the sum of the *remaining* special taxing districts, and as a total of the taxing authorities, including *all* special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 6. Minnesota Statutes 1992, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, county, ~~or~~ school district, *or a regional library district established under section 134.201* shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

For a city that has a population of more than 1,000 but less than 2,500 *and for a regional library district*, the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, and the second headline must be in a type no smaller than 12-point. The text of the advertisement must be no smaller than 10-point, except that the property tax amounts and percentages may be in 9-point type.

For a city that has a population of 2,500 or more, a county or a school district, the first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point, and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than 14-point, except that the property tax amounts and percentages may be in 12-point type.

The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District/*Regional Library District*)

of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (city/county/*regional library district* services that will be

provided in 199__/school district services that will be provided in 199__ and 199__).

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district/*regional library district*) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).''

(c) A city with a population of 1,000 or less must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 4A.02.

Sec. 7. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city ~~and~~, county, *and regional library district* 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, *or regional library 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, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters 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; and

(6) the amount of an increase in levy limits certified to the taxing authority by the ~~commissioner of revenue or the~~ commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold its hearing on the second Tuesday in December each year. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August 15, each school board *and the board of the regional library district* shall certify to the county auditors of the counties in which the school district *or regional library district* is located the dates on which it elects to hold its hearings and any continuations. If a school board *or regional library district* 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 school districts *and regional library district* 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. The city must not select dates that conflict with the county hearing dates or with those elected by or assigned to the school districts *or regional library district* in which the city is located.

The county hearing dates and the city and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts *except for any regional library district established under section 134.201.*

Sec. 8. [EFFECTIVE DATE.]

*Sections 5 and 6 are effective for property taxes levied in 1994, payable in 1995 and thereafter.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "prohibiting use of state department of education funds to compensate regional library board members; requiring library districts to be subject to truth-in-taxation;"

Page 1, line 5, delete "and" and insert "134.35, subdivision 1;" and after "4;" insert "and 275.065, subdivisions 3, 5a, and 6;"

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 1421, 996, 35, 386, 560, 1054, 1152, 1281, 1184, 1276, 1175, 67 and 1124 were read the second time.

## MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Berg moved that S.F. No. 104 be withdrawn from the Committee on Taxes and Tax Laws and re-referred to the Committee on Governmental Operations and Reform. The motion prevailed.

Mr. Solon moved that the name of Mr. Berg be added as a co-author to S.F. No. 975. The motion prevailed.

Ms. Runbeck moved that S.F. No. 1370 be withdrawn from the Committee on Health Care and re-referred to the Committee on Crime Prevention. 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 bills were read the first time and referred to the committees indicated.

Mr. Benson, D.D. introduced—

S.F. No. 1497: A bill for an act relating to the town of Rock Dell; authorizing adoption and enforcement of the state building code.

Referred to the Committee on Governmental Operations and Reform.

Messrs. Chmielewski, Janezich, Frederickson, Metzen and Dille introduced—

S.F. No. 1498: A bill for an act relating to utilities; deleting a requirement that avoided environmental costs be taken into account when an electric utility purchases power produced by another generator; making environmental costs and other externalities a consideration in a resource plan; authorizing a bidding process for selecting future energy resources that bypasses the certificate of need requirements; allowing consolidation of resource planning and certificate of need proceedings; amending Minnesota Statutes 1992, section 216B.164, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 216B.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Larson introduced—

S.F. No. 1499: A bill for an act relating to commerce; possessory liens on motor vehicles to secure payment of storage costs; conditioning the lien on notice to lienholders listed on the certificate of title; amending Minnesota Statutes 1992, section 514.18, subdivision 1.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Janezich introduced—

S.F. No. 1500: A bill for an act relating to education; providing for skilled school interpreters; proposing coding for new law in Minnesota Statutes, chapter 125.

Referred to the Committee on Education.

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

S.F. No. 1501: A bill for an act relating to agriculture; modifying certain provisions relating to wheat and barley promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

Referred to the Committee on Agriculture and Rural Development.

Mses. Piper and Flynn introduced—

S.F. No. 1502: A bill for an act relating to occupations and professions; board of psychology; extending deadline for previously qualified persons to be licensed; modifying reciprocity requirement; amending Minnesota Statutes 1992, section 148.921, subdivisions 2 and 3.

Referred to the Committee on Health Care.

Mr. Beckman introduced—

S.F. No. 1503: A bill for an act relating to the organization and operation of state government; appropriating money for criminal justice, corrections, and related purposes; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases.

Referred to the Committee on Crime Prevention.

Mr. Belanger introduced—

S.F. No. 1504: A bill for an act relating to transportation; adopting federal motor carrier safety regulations; defining terms; making technical changes; allowing 45-foot buses to be operated in the state; exempting drivers of lightweight vehicles from driver qualification rules; requiring information on bills of lading and other motor carrier documents; imposing penalties; amending Minnesota Statutes 1992, sections 168.011, subdivision 36; 168.1281, subdivision 3; 169.81, subdivision 2; 221.011, by adding subdivisions; 221.031, subdivisions 2, 2a, 2b, 3, 3a, 3b, 3c, 5, and 6; 221.0313, subdivision 1; 221.033, subdivisions 2 and 2a; 221.035, subdivision 2; 221.036, subdivisions 1 and 3; 221.172; 221.81, subdivision 3e; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Laws 1992, chapter 568, section 1; and 578, section 15.

Referred to the Committee on Transportation and Public Transit.

Mr. Metzen introduced—

S.F. No. 1505: A bill for an act relating to taxation; property; decreasing the class rate on residential nonhomestead and apartment property; amending Minnesota Statutes 1992, sections 273.13, subdivision 25; and 273.1398, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Ms. Robertson, Messrs. Terwilliger, Knutson and Ms. Kiscaden introduced—

S.F. No. 1506: A bill for an act relating to elections; providing procedure for precinct caucuses; amending Minnesota Statutes 1992, section 202A.18, subdivision 2.

Referred to the Committee on Ethics and Campaign Reform.

Mr. Sams and Ms. Berglin introduced—

S.F. No. 1507: A bill for an act relating to occupations and professions; establishing a system of licensure for acupuncture practitioners; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Health Care.

Mr. Price introduced—

S.F. No. 1508: A bill for an act relating to highways; requiring designation of certain county state-aid highways as natural preservation routes; providing standards and procedures for reconstruction of those routes; amending Minnesota Statutes 1992, section 162.021, by adding a subdivision.

Referred to the Committee on Transportation and Public Transit.

Mr. Chmielewski introduced—

S.F. No. 1509: A bill for an act relating to state contracts; requiring the metropolitan council, the University of Minnesota, and other agencies to purchase from small businesses and small targeted group businesses; requiring reports; amending Minnesota Statutes 1992, sections 16B.21, subdivision 3; 137.35, subdivision 1; and 473.142.

Referred to the Committee on Governmental Operations and Reform.

Mr. Luther introduced—

S.F. No. 1510: A bill for an act relating to cable communications; limiting cable service franchises to a maximum of seven years; establishing a cable communications task force; amending Minnesota Statutes 1992, section 238.084, subdivision 1.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Luther introduced—

S.F. No. 1511: A bill for an act relating to the legislature; establishing a legislative budget office; appropriating money; amending Minnesota Statutes 1992, section 3.98, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Rules and Administration.

Messrs. Luther and Marty introduced—

S.F. No. 1512: A bill for an act relating to elections; providing uniform local election procedures; amending Minnesota Statutes 1992, sections 103C.305, subdivision 2; 123.33, subdivision 1; 205.065, subdivisions 1 and 2; 205.07, subdivision 1; 205.10, subdivision 1, and by adding a subdivision; 205.13, subdivision 1, and by adding a subdivision; 205.16, subdivisions 1 and 2; 205.17, subdivision 4; 205.175; 205A.03, subdivisions 1 and 2; 205A.04; 205A.05, subdivision 1; 205A.06, subdivision 1, and by adding a subdivision; 205A.09, subdivision 2; 365.51, subdivisions 1 and 3; and 367.03; proposing coding for new law in Minnesota Statutes, chapter 205; repealing Minnesota Statutes 1992, sections 205.02, subdivision 2; 205.065, subdivision 3; 205.18; 205.20; and 205A.04, subdivision 2.

Referred to the Committee on Ethics and Campaign Reform.

Mr. Samuelson introduced—

S.F. No. 1513: A bill for an act relating to shelters for battered women; transferring the funding and authority for administration of shelter programs to the commissioner of corrections; amending Minnesota Statutes 1992, sections 256.01, subdivision 2; 256D.04; 256D.05, subdivision 1; and 256D.06, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1992, section 256D.05, subdivisions 3 and 3a.

Referred to the Committee on Family Services.

Mmes. Benson, J.E.; Adkins; Messrs. Stevens and Bertram introduced—

S.F. No. 1514: A bill for an act relating to human services; changing the geographic grouping of Sherburne county.

Referred to the Committee on Health Care.

Mses. Runbeck, Piper, Messrs. Stevens and Day introduced—

S.F. No. 1515: A bill for an act relating to health; regulating health maintenance organizations; requiring coverage for speech apraxia and severe phonological disorder; proposing coding for new law in Minnesota Statutes, chapter 62D.

Referred to the Committee on Commerce and Consumer Protection. Ms. Berglin questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Lessard introduced—

S.F. No. 1516: A bill for an act relating to Voyageurs National Park;

extending the existence of the citizen's council on Voyageurs National Park; amending Minnesota Statutes 1992, section 84B.11, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

Mr. Sams introduced—

S.F. No. 1517: A bill for an act relating to taxation; property; modifying the taxation of elevator facilities; amending Minnesota Statutes 1992, section 273.13, subdivision 24.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Morse and Sams introduced—

S.F. No. 1518: A bill for an act relating to retirement; permitting certain public employees to purchase additional service credit in public pension funds; appropriating money.

Referred to the Committee on Governmental Operations and Reform.

Mses. Krentz, Ranum and Robertson introduced—

S.F. No. 1519: A bill for an act relating to education; providing grants for pilot fee assistance programs for school districts with school age child care programs; appropriating money.

Referred to the Committee on Education.

Mses. Krentz and Ranum introduced—

S.F. No. 1520: A bill for an act relating to education; establishing an equalized extended day levy; expanding approved expenditures; appropriating money; amending Minnesota Statutes 1992, section 124.2716.

Referred to the Committee on Education.

Mses. Krentz, Ranum and Mr. Merriam introduced—

S.F. No. 1521: A bill for an act relating to education; providing equalized program revenue for adults with disabilities; amending Minnesota Statutes 1992, sections 121.88, subdivision 7; and 124.2715, subdivisions 1, 2, and 3.

Referred to the Committee on Education.

Mr. Johnson, D.E. introduced—

S.F. No. 1522: A bill for an act relating to state lands; authorizing the transfer of certain state-owned lands to Kandiyohi county.

Referred to the Committee on Environment and Natural Resources.

Mr. Merriam introduced—

S.F. No. 1523: A bill for an act relating to health records; clarifying costs that may be charged; amending Minnesota Statutes 1992, section 144.335, subdivision 5.

Referred to the Committee on Judiciary.

Ms. Hanson introduced—

S.F. No. 1524: A bill for an act relating to traffic regulations; increasing fine for speeding violation; appropriating money for highway work zone safety enforcement and public education efforts; amending Minnesota Statutes 1992, section 169.14, subdivision 5d.

Referred to the Committee on Transportation and Public Transit.

Messrs. Cohen and Pogemiller introduced—

S.F. No. 1525: A bill for an act relating to state government; creating a state board of pension investment; prescribing its powers and duties; transferring authority from the state board of investment; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivision 18; 11A.01; 11A.02, subdivisions 2 and 4; 11A.04; 11A.041; 11A.07, subdivision 5; 11A.08, subdivisions 1 and 2; 11A.09; 11A.13, subdivision 1; 11A.14, subdivision 3; 79.251, subdivision 7; 352.05; 353.05; 354.06, subdivision 1; 356.218, subdivision 1; 356A.01, subdivision 23; 356A.02, subdivision 1; 356A.11, subdivision 1; 422A.06, subdivision 8; and 490.123, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 11B; repealing Minnesota Statutes 1992, section 11A.14, subdivision 5.

Referred to the Committee on Governmental Operations and Reform.

Mr. Bertram introduced—

S.F. No. 1526: A bill for an act relating to taxation; fermented malt beverages; changing the brewers credit; extending the credit to importers; amending Minnesota Statutes 1992, section 297C.02, subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

Mr. Hottinger introduced—

S.F. No. 1527: A bill for an act relating to the city of Mankato; extending the duration of a tax increment financing district.

Referred to the Committee on Metropolitan and Local Government.

Messrs. Luther and Larson introduced—

S.F. No. 1528: A bill for an act relating to insurance; Medicare supplement; regulating coverages; conforming state law to federal requirements; making technical changes; amending Minnesota Statutes 1992, sections 62A.31, subdivisions 1, 4, and by adding a subdivision; 62A.315; 62A.316; 62A.318; 62A.36, subdivision 1; 62A.39; 62A.436; and 62A.44, subdivision 2; Laws 1992, chapter 554, article 1, section 18.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Solon introduced—

S.F. No. 1529: A bill for an act relating to state lands; requiring St. Louis county to allow a repurchase of certain tax-forfeited land.

Referred to the Committee on Environment and Natural Resources.

## RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 6:00 p.m. The motion prevailed.

The hour of 6:00 p.m. having arrived, the President called the Senate to order.

## CALL OF THE SENATE

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

## 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 Messages From the House, First Reading of House Bills, Reports of Committees and Second Reading of Senate Bills.

## 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. 434, 98, 99 and 313.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 1, 1993

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 113, 648 and 661.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 1, 1993

## FIRST READING OF HOUSE BILLS

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

H.F. No. 113: A bill for an act relating to traffic regulations; specifying that a pedestrian lawfully in a crosswalk with pedestrian control signals must be given the right-of-way by all vehicles; amending Minnesota Statutes 1992, section 169.06, subdivision 6.

Referred to the Committee on Transportation and Public Transit.

H.F. No. 648: A bill for an act relating to counties; permitting Itasca and Polk counties to consolidate the offices of auditor and treasurer.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 638, now on General Orders.

H.F. No. 661: A bill for an act relating to agriculture; regulating dairy trade practices; providing for fees; changing enforcement procedures; amending

Minnesota Statutes 1992, sections 32A.01; 32A.02; 32A.04; 32A.05, subdivisions 1, 4, and by adding subdivisions; 32A.07; 32A.071; 32A.08; and 32A.09, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 32A; repealing Minnesota Statutes 1992, sections 32A.03; 32A.05, subdivision 3; and 32A.09, subdivisions 5 and 6.

Referred to the Committee on Environment and Natural Resources.

## REPORTS OF COMMITTEES

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 304: A bill for an act relating to agriculture; requiring aquatic pest control applicators to be licensed; proposing coding for new law in Minnesota Statutes, chapter 18B.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 18B.32, is amended to read:

18B.32 [STRUCTURAL *OR AQUATIC* PEST CONTROL LICENSE.]

Subdivision 1. [REQUIREMENT.] (a) A person may not engage in structural *or aquatic* pest control applications:

(1) for hire without a structural *pest control license or, for an aquatic pest control application, an aquatic* pest control license; and

(2) as a sole proprietorship, company, partnership, or corporation unless the person is or employs a licensed master in structural pest control operations *or, for an aquatic pest control application, a commercial aquatic applicator*.

(b) A structural *or aquatic* pest control licensee must have a valid license identification card when applying pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Subd. 2. [LICENSES.] (a) A structural *or aquatic* pest control license:

(1) expires on December 31 of the year for which the license is issued;

(2) is not transferable; and

(3) must be prominently displayed to the public in the structural *or aquatic* pest controller's place of business.

(b) The commissioner shall establish categories of master, journeyman, and fumigator for a person to be licensed under a structural pest control license *and, for an aquatic pest control license, the categories of commercial aquatic applicator and certified aquatic applicator*.

Subd. 3. [APPLICATION.] (a) A person must apply to the commissioner for a structural *or aquatic* pest control license ~~to be licensed as a master,~~

~~journeyman,~~ ~~or~~ ~~fumigator~~ on forms and in the manner required by the commissioner. The commissioner shall require the applicant to pass a written, closed-book, monitored examination or oral examination, or both, and may also require a practical demonstration regarding structural *or aquatic* pest control. The commissioner shall establish the examination procedure, including the phases and contents of the examination.

(b) The commissioner may license a person as a master under a structural pest control license *or, for aquatic pest control applications, as a commercial aquatic applicator* if the person has the necessary qualifications through knowledge and experience to properly plan, determine, and supervise the selection and application of pesticides in structural *or aquatic* pest control. To demonstrate the qualifications and become licensed as a master *under a structural pest control license or, for aquatic pest control applications, as a commercial aquatic applicator*, a person must:

(1) pass closed-book testing administered by the commissioner; ~~and~~

(2) ~~by~~ *have* direct experience as a licensed journeyman under a structural pest control license *or, for aquatic pest control applications, by direct experience as a certified aquatic applicator under a commercial aquatic applicator* for at least two years by this state or a state with equivalent certification requirements or as a full-time licensed master in another state with equivalent certification requirements *or, for aquatic pest control applications, have at least 1,600 hours of qualifying experience in the previous four years as determined by the commissioner; and*

*(3)* show practical knowledge and field experience *under clause (2)* in the actual selection and application of pesticides under varying conditions.

(c) The commissioner may license a person as a journeyman under a structural pest control license *or, for aquatic pest control applications, as a certified aquatic applicator* if the person:

(1) has the necessary qualifications in the practical selection and application of pesticides;

(2) has passed a closed-book examination given by the commissioner; and

(3) is engaged as an employee of or is working under the direction of a person licensed as a master under a structural pest control license *or, for aquatic pest control applications, under a commercial aquatic applicator.*

(d) The commissioner may license a person as a fumigator under a structural pest control license if the person:

(1) has knowledge of the practical selection and application of fumigants;

(2) has passed a closed-book examination given by the commissioner; and

(3) is licensed by the commissioner as a master or journeyman under a structural pest control license.

*(e) The licensing requirements of paragraph (b) for commercial aquatic applicators are satisfied if a person: (1) has at least two years direct experience with an aquatic category endorsement on a commercial applicator license; (2) can show practical knowledge and field experience in the actual selection and application of aquatic pesticides under varying conditions; and*

*(3) applies for a license as a commercial aquatic applicator before August 1, 1994.*

Subd. 4. [RENEWAL.] (a) A structural *or aquatic* pest control applicator license may be renewed on or before the expiration of an existing license subject to reexamination, attendance at workshops approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competency and ability to use pesticides safely and properly. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) If a person fails to renew a structural *or aquatic* pest control license within three months of its expiration, the person must obtain a structural *or aquatic* pest control license subject to the requirements, procedures, and fees required for an initial license.

Subd. 5. [FINANCIAL RESPONSIBILITY.] (a) A structural *or aquatic* pest control license may not be issued unless the applicant furnishes proof of financial responsibility. The financial responsibility may be demonstrated by:

(1) proof of net assets equal to or greater than $50,000; or

(2) a performance bond or insurance of a kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the applicant's license. The commissioner must immediately suspend the license of a person who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed person is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Subd. 6. [FEES.] (a) An applicant for a structural pest control license *or aquatic pest control license* for a business must pay a nonrefundable application fee of $100. An employee of a licensed business must pay a nonrefundable application fee of $50 for an individual structural *or aquatic* pest control license.

(b) An application received after expiration of the structural pest control license *or aquatic pest control license* is subject to a penalty fee of 50 percent of the application fee.

(c) An applicant that meets renewal requirements by reexamination instead of attending workshops must pay the equivalent workshop fee for the reexamination as determined by the commissioner."

Delete the title and insert:

"A bill for an act relating to agriculture; requiring aquatic pest control applicators to be licensed; establishing categories of commercial aquatic applicator and certified aquatic applicator; amending Minnesota Statutes 1992, section 18B.32."

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

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 933: A bill for an act relating to health; requiring radon testing in schools and day cares; requiring a radon mitigation report by the commissioner of health; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Delete everything after the enacting clause and insert:

"Section 1. [SCHOOL AND DAY CARE RADON TESTING; EVALUATION AND MITIGATION REPORT.]

*Subdivision 1.* [RADON TESTING.] *The commissioner of health shall coordinate with the commissioners of human services, education, and jobs and training to administer a school and day care radon testing program. All public and private school buildings housing students in kindergarten through grade 12, all child day care centers licensed under Minnesota Rules, parts 9545.0510 to 9545.0650, and all head start and learning readiness programs must be tested for radon by September 30, 1995. By December 31, 1993, the commissioner of health shall establish technical standards for the radon testing program including quality control and testing protocol. By December 31, 1993, the commissioner of education shall develop and administer a plan for training testers, acquiring test equipment, and distributing the test equipment to all of the facilities required to be tested. Each facility must use appropriate commercial radon testing materials listed by the United States Environmental Protection Agency Radon Measurement Proficiency Program and follow the manufacturer's directions on testing methods and the duration of the test.*

*Subd. 2.* [REPORTING.] *By December 31, 1995, each facility must report the results to the commissioner of health in a form prescribed by the commissioner. If the facility has already conducted a radon test at its present location, another test does not need to be conducted if the facility reports the results to the commissioner of health. The results from each school tested must also be reported to the school district. A summary of the results of each report must be posted in a conspicuous place of each facility tested except school districts which must report a summary of the results and any mitigation taken in the district's annual program evaluation report.*

*Subd. 3.* [NOTICE.] *The commissioner of health shall coordinate with the commissioners of human services, education, and jobs and training to provide written notice to each facility under subdivision 1 of the obligation to test for radon. Notice must also be given to each facility encouraging the facility to mitigate any excessive radon level detected. The written notice to schools must*

*include the United States Environmental Protection Agency Protocol for Radon testing in schools.*

*Subd. 4.* [EVALUATION AND MITIGATION REPORT.] *By July 1, 1996, the commissioner of health shall report, in coordination with the commissioners of human services, education, and jobs and training, to the legislature with a recommendation for mitigating excessive levels of radon in buildings required to be tested under subdivision 1. The report must summarize available radon testing information reported under subdivision 1, address the need for mitigation, describe appropriate mitigation procedures, estimate mitigation costs, and make recommendations that identify sources of funds for mitigation and apportion public and private responsibility for mitigation costs.*"

Delete the title and insert:

"A bill for an act relating to health; requiring radon testing in schools and day cares; requiring a radon mitigation report by the commissioner of health."

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

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 782: A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was referred

S.F. No. 911: A bill for an act relating to public employment; essential employees; requiring the commissioner of the bureau of mediation services to designate separate units for peace officers and other essential employees at the request of either group of employees; amending Minnesota Statutes 1992, section 179A.09, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was re-referred

S.F. No. 1171: A bill for an act relating to crime; creating a commission on nonfelony enforcement to review the proportionality and enforcement of petty misdemeanor, misdemeanor, and gross misdemeanor offenses; requiring a report.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Reform, to which was re-referred

S.F. No. 1101: A bill for an act relating to health-related occupations; requiring hearing instrument dispensers to be certified by the commissioner of health; requiring holders of temporary hearing instrument dispensing permits to be supervised by certified hearing instrument dispensers; authorizing cease and desist orders; providing for penalties; amending Minnesota Statutes 1992, sections 153A.13, subdivisions 4 and 5; 153A.14; 153A.15; and 153A.17; proposing coding for new law in Minnesota Statutes, chapter 214.

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

Page 8, line 17, delete the first "*$200*" and insert "*$255*"

Page 8, line 18, before the period, insert ", *except that the certification application fee for a registered audiologist is $255 minus the audiologist registration fee of $101*"

Page 10, line 1, delete "*or threatened violation*"

Page 10, line 12, delete "*gross*"

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

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 803: A bill for an act relating to occupations and professions; abstracters; providing for certain applicants to be exempt from the bond and liability insurance requirement; amending Minnesota Statutes 1992, section 386.66.

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

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

Page 2, line 1, delete "*applicants who are employed by*" and insert "*that are*"

Page 2, line 3, after the third comma, insert "*and their employees or those*"

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

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1380: A bill for an act relating to commerce; regulating heavy and utility equipment dealership agreements; including truck parts within the scope of coverage; defining terms; amending Minnesota Statutes 1992, section 325E.068, subdivision 2, and by adding subdivisions.

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

Page 1, line 12, after "to" insert ":

*(1)*" and delete "*truck*"

Page 1, line 13, delete "*parts,*"

Page 1, line 19, strike the second comma

Page 1, strike line 20

Page 1, line 21, strike everything before the period and insert "*; or*

*(2) trucks and truck parts*"

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was re-referred

S.F. No. 222: A bill for an act relating to human services; authorizing the Minnesota housing finance agency to finance residential care facilities for elderly or physically infirm or impaired persons; appropriating money; amending Minnesota Statutes 1992, sections 462A.02, by adding a subdivision; 462A.03, subdivisions 7 and 19; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; and 462A.22, subdivision 1.

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

Delete everything after the enacting clause and insert:

"CHAPTER 144C

NURSING FACILITIES FINANCING AUTHORITY

Section 1. [144C.01] [MINNESOTA NURSING FACILITIES FINANCING AUTHORITY ACT.]

*Sections 144C.01 to 144C.14 may be cited as the "Minnesota nursing facilities financing authority act."*

Sec. 2. [144C.02] [DEFINITIONS.]

*Subdivision 1.* [APPLICABILITY.] *For the purposes of sections 144C.01 to 144C.14, the terms in this section have the meanings given them.*

*Subd. 2.* [AUTHORITY.] *"Authority" means the Minnesota nursing facilities financing authority.*

*Subd. 3.* [COMMISSIONER.] *"Commissioner" means the commissioner of the Minnesota housing finance agency.*

*Subd. 4.* [NURSING FACILITY.] *"Nursing facility" means a facility licensed under chapter 144A or a boarding care facility licensed under sections 144.50 to 144.56.*

Sec. 3. [144C.03] [MINNESOTA NURSING FACILITIES FINANCING AUTHORITY.]

*Subdivision 1.* [MEMBERSHIP.] *The Minnesota nursing facilities financing authority is an instrumentality of the state and consists of seven members appointed by the governor with the advice and consent of the senate. No more than three members may reside in the metropolitan area as defined in section 473.121, subdivision 2, and no more than one member may reside in any one*

*of the development regions established under sections 462.381 to 462.396 and located outside of the metropolitan area.*

*Subd. 2.* [CHAIR; OTHER OFFICERS.] *The governor shall designate the chair from among the members appointed. The authority may elect other officers as necessary from its members.*

*Subd. 3.* [MEMBERSHIP TERMS.] *The membership terms, compensation, removal, and filling of vacancies of the members of the authority are as provided in section 15.0575.*

*Subd. 4.* [BOARD ACTIONS.] *A majority of the authority, excluding vacancies, constitutes a quorum to conduct its business, to exercise its powers, and for all other purposes.*

*Subd. 5.* [ADMINISTRATIVE SERVICES.] *The commissioner shall provide administrative services to the authority.*

*Subd. 6.* [EXECUTIVE DIRECTOR.] *The commissioner shall employ, with the concurrence of the authority, an executive director in the unclassified service. The director shall perform duties that the authority may require in carrying out its responsibilities.*

*Subd. 7.* [ADVISORY COMMITTEE.] *The authority shall establish a five member advisory committee under section 15.059 to review proposals and provide comments and recommendations concerning loans under section 144C.05. The committee consists of the chair of the interagency long-term care planning committee, one representative from each of the two largest long-term health care provider associations in the state, and two consumer representatives. Public members of the committee must be reimbursed for expenses but may not receive any other compensation for services on the committee.*

Sec. 4. [144C.04] [GENERAL POWERS.]

*Subdivision 1.* [AUTHORIZATION.] *The authority may exercise the powers authorized under this section to carry out the purposes of this chapter.*

*Subd. 2.* [POWER TO SUE.] *The authority may sue and be sued.*

*Subd. 3.* [CONTRACTS.] *The authority may enter into contracts, agreements, leases, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization.*

*Subd. 4.* [CONTRACT FOR SERVICES.] *The authority may retain or contract for the services of legal counsel, accountants, financial advisors, and other consultants or agents needed to perform its duties and exercise its powers.*

*Subd. 5.* [PROPERTY.] *The authority may acquire, encumber, hold, and convey through lease, purchase, foreclosure, deed in lieu of foreclosure, gift, or otherwise, any real or personal property.*

*Subd. 6.* [SALE OF MORTGAGES.] *The authority may sell, at public or private sale, any note, mortgage or other instrument or obligation evidencing or securing a loan, including a certificate evidencing an interest in one or more loans. The authority may, in connection with such a sale, retain the right or obligation to collect the principal and interest on the loan, to enter into*

*commitments for timely remittal of the principal and interest, or to provide any other services as described in the certificate.*

*Subd. 7.* [INSURANCE.] *The authority may obtain insurance against any loss in connection with its property in such amounts, and from such insurers, as may be necessary or desirable.*

*Subd. 8.* [MODIFICATION OF TERMS.] *The authority may consent, whenever it considers it necessary or desirable in the fulfillment of its corporate purpose, to the modification of the rate of interest, time of payment or any installment of principal or interest, or any other term, of any mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the authority is a party.*

*Subd. 9.* [RULES.] *The authority may adopt rules as provided under chapter 14 to carry out the purposes of this chapter.*

*Subd. 10.* [BORROWING MONEY.] *The authority may borrow money to carry out and effectuate its corporate purpose and may issue its bonds as evidence of any such borrowing in accordance with sections 144C.05 to 144C.13.*

*Subd. 11.* [IN GENERAL.] *The authority has all the powers necessary and convenient to carry out its duties under sections 144C.05 to 144C.13.*

Sec. 5. [144C.05] [LOANS BY AUTHORITY.]

*Subdivision 1.* [LOANS AND LOAN PURCHASES.] *The authority may make or purchase secured or unsecured loans to owners of nursing facilities to finance the construction, alteration, reconstruction, remodeling, repair, extension, improvement, or acquisition of nursing facilities or to refinance existing indebtedness incurred for the purpose of acquiring, rehabilitating, or constructing nursing facilities. A loan may include interest paid during and up to six months after construction, costs of financing, and costs to fund a debt service reserve. Each loan must be evidenced by a promissory note or loan agreement which includes provisions that the authority considers necessary or desirable and in which the borrower is obligated to:*

*(1) repay the loan in amounts and at times sufficient to pay the principal of, premium, if any, and interest on bonds issued by the authority to fund the loan;*

*(2) pay all costs and expenses of the authority incurred in connection with making, purchasing, and administering the loan; and*

*(3) indemnify the authority against any liability in connection with the loan.*

*The authority may pledge or assign all or part of its interest in a promissory note or loan agreement, and property or an interest in property of the borrower securing the note or loan agreement, to secure the bonds of the authority issued to fund the loan in whole or in part.*

*Subd. 2.* [FINANCIAL INFORMATION.] *Financial information, including but not limited to credit reports, financial statements, and net worth calculations, received or prepared by the authority regarding any authority loan and the name of each individual who is the recipient of an authority loan are private data on individuals, as provided under section 13.02, subdivision 12.*

Sec. 6. [144C.06] [ISSUANCE OF BONDS.]

*Subdivision 1.* [BONDING AUTHORITY.] *The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed $.....*

*Subd. 2.* [REFUNDING OF BONDS.] *The authority may issue bonds to refund outstanding bonds of the authority or by a municipality or other public body for a purpose for which the authority may make or purchase a loan under section 5, to pay any redemption premiums on those bonds, and to pay interest accrued or to accrue to the redemption date as determined by the authority. The authority may apply the proceeds of any refunding bonds to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of outstanding bonds and may, pending the application, place the proceeds in escrow to be applied to the purchase, retirement, or redemption. Pending use, escrowed proceeds may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality of the state or the United States, or in certificates of deposit or time deposits secured in a manner determined by the authority, maturing at a time appropriate to assure the prompt payment of the principal and interest and redemption premiums, if any, on the bonds to be refunded. The income realized on any investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the authority for use by it in any lawful manner. All refunding bonds issued under this subdivision must be issued and secured in the manner provided by resolution of the authority.*

*Subd. 3.* [KIND OF BONDS.] *Bonds issued under this section are securities as defined in section 336.8-102 and may be issued as certificated securities or as uncertificated securities. Certificated securities may be issued in bearer or registered form. The authority may perform all actions that are permitted or required of issuers of securities under sections 336.8-101 to 336.8-408. If notes or bonds are issued as uncertificated securities, and this chapter or other law requires or permits the bonds to contain a statement or recital, whether on their face or otherwise, it is sufficient compliance with the law that the statement or recital is contained in the transaction statement or in a resolution or other instrument that is made part of the bond by reference in the transaction statement as provided in section 336.8-202. The bonds issued may be either general obligations of the authority, secured by its full faith and credit and payable out of any money, assets, or revenues of the authority, subject to the provisions of resolutions or indenture pledging and appropriating particular money, assets, or revenues to particular bonds, or limited obligations of the authority not secured by its full faith and credit and payable solely from specified sources or assets.*

*Subd. 4.* [RESOLUTION AND TERMS OF SALE.] *The bonds of the authority must be authorized by a resolution or resolutions adopted by the authority. The bonds must bear the date or dates, mature at the time or times,*

*bear interest at a fixed or variable rate, including a rate varying periodically at the time or times and on the terms determined by the authority, or any combination of fixed and variable rates, be in the denominations, be in the form, carry the registration privileges, be executed in the manner, be payable in lawful money of the United States, at the place or places within or without the state, and be subject to the terms of redemption or purchase before maturity as the resolutions provide or as may be provided in an indenture or indentures of trust. The authority may appoint a bank, within or without the state, having trust powers as trustee for bond issues. If, for any reason existing at the date of issue of the bonds or existing at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on the bonds is or becomes subject to federal income taxation, this fact does not affect the validity or the provisions made for the security of the bonds. The authority may make covenants and take or have taken actions that are in its judgment necessary or desirable to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The authority may refrain from compliance with those conditions if in its judgment this would serve the purposes and policies set forth in this chapter with respect to any particular issue of bonds, unless this would violate covenants made by the authority. The maximum maturity of a bond, whether or not issued for the purpose of refunding, must be 50 years from its date. The bonds of the authority may be sold at public or private sale, at a price or prices determined by the authority; provided that (i) the aggregate price at which an issue of bonds is initially offered by underwriters to investors, as stated in the authority's official statement with respect to the offering, must not exceed by more than three percent the aggregate price paid by the underwriters to the authority at the time of delivery; (ii) the commission paid by the authority to an underwriter for placing an issue of bonds with investors must not exceed three percent of the aggregate price at which the issue is offered to investors as stated in the authority's offering statement; and (iii) the spread or commission must be an amount determined by the authority to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.*

*Subd. 5.* [EXEMPTION.] *The notes and bonds of the authority are not subject to section 16B.06.*

Sec. 7. [144C.07] [BONDS; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.]

*Subdivision 1.* [RESOLUTION.] *A resolution authorizing bonds or an issue of bonds may contain provisions, which are part of the contract with the holders of the bonds, as to the matters referred to in this section.*

*Subd. 2.* [LIEN.] *The authority may pledge or create a lien on all or any part of the money or property of the authority and any money held in trust or otherwise by others to secure the payment of the bonds or of an issue of the bonds, subject to agreements with bondholders that may exist.*

*Subd. 3.* [MONEY.] *The authority may provide for the custody, collection, securing, investment, and payment of any money of the authority.*

*Subd. 4.* [RESERVES.] *The authority may set aside reserves or sinking funds and provide for their regulation and disposition and may create other special funds into which money of the authority may be deposited.*

*Subd. 5.* [BOND PROCEEDS AND PAYMENT.] *The authority may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments to secure the payment of the bonds or of an issue of bonds.*

*Subd. 6.* [ADDITIONAL LIMITS.] *The authority 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.*

*Subd. 7.* [CONTRACT AMENDMENTS.] *The authority 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, and the manner in which the consent may be given.*

*Subd. 8.* [TRUSTEE.] *The authority may vest in a trustee or trustees such property, rights, powers and duties in trust as the authority may determine, 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.*

*Subd. 9.* [DEFAULT.] *The authority may define the acts or omissions to act which constitute a default in the obligations and duties of the authority and may provide for the rights and remedies of the holders of bonds in the event of default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of this chapter, which in any way affect the security or protection of the bonds and the rights of the holders of the bonds.*

Sec. 8. [144C.08] [DEBT SERVICE RESERVE FUND.]

*Subdivision 1.* [CREATION AND CONTENTS.] *The authority may establish one or more special funds, to be known as debt service reserve funds, for the security of one or more or all series of its bonds. The authority may pay into each debt service reserve fund:*

*(1) any money appropriated by the state only for the purposes of the fund;*

*(2) the proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing the issuance of them;*

*(3) funds directed to be transferred by the authority to the debt service reserve fund; and*

*(4) other money made available to the authority from any other source only for the purpose of the fund.*

*Subd. 2.* [USE OF FUNDS.] *Except as provided in this section, the money credited to each debt service reserve fund must be used only for the payment of the principal of bonds of the authority as they mature, the purchase of the bonds, the payment of interest on them, or the payment of any premium required when the bonds are redeemed before maturity. Money in a debt service reserve fund must not be withdrawn at a time and in an amount that reduces the amount of the fund to less than the amount the authority determines to be reasonably necessary for the purposes of the fund. However, money may be withdrawn to pay principal or interest due on bonds secured by the fund if other money of the authority is not available.*

*Subd. 3.* [INVESTMENT.] *Money in a debt service reserve fund not required for immediate use may be invested and deposited into accounts established under resolutions or indentures securing the authority's bonds in*

*investments and deposit accounts or certificates, and with security, agreed upon with the holders or a trustee for the holders.*

*Subd. 4.* [MINIMUM AMOUNT OF RESERVE AT ISSUANCE.] *If the authority establishes a debt service reserve fund for the security of any series of bonds, it shall not issue additional bonds that are similarly secured if the amount of any of the debt service reserve funds at the time of issuance does not equal or exceed the minimum amount required by the resolution creating the fund, unless the authority deposits in each fund at the time of issuance, from the proceeds of the bonds, or otherwise, an amount that when added together with the amount then in the fund will be at least the minimum amount required.*

*Subd. 5.* [TRANSFER OF EXCESS.] *To the extent consistent with the resolutions and indentures securing outstanding bonds, the authority may transfer to any other fund or account from any debt service reserve fund any excess in that reserve fund over the amount determined by the authority to be reasonably necessary for the purpose of the reserve fund.*

Sec. 9. [144C.09] [MONEY OF THE AUTHORITY.]

*Subdivision 1.* [FUNCTIONS OF STATE TREASURER.] *Except as otherwise provided in this section, money of the authority must be paid to the state treasurer as agent of the authority and the treasurer shall not commingle the money with other money. The money in the accounts of the authority must be paid out only on warrants drawn by the commissioner of finance on requisition of the chair of the authority or of another officer or employee as the authority authorizes. Deposits of the authority's money must, if required by the state treasurer or the authority, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for the deposits.*

*Subd. 2.* [CONTRACTS AND SECURITY.] *Notwithstanding the provisions of this section, the authority may contract with the holders of any of its bonds as to the custody, collection, securing, investment, and payment of money of the authority or money held in trust or otherwise for the payment of bonds, and to carry out the contract. Money held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of the money may be secured in the same manner as money of the authority, and all banks and trust companies are authorized to give security for the deposits. All money paid to the state treasurer as agent of the authority is appropriated to the authority.*

Sec. 10. [144C.10] [NONLIABILITY.]

*Subdivision 1.* [NONLIABILITY OF INDIVIDUALS.] *No member of the authority or other person executing the bonds is liable personally on the bonds or is subject to any personal liability or accountability by reason of their issuance.*

*Subd. 2.* [NONLIABILITY OF STATE.] *The state is not liable on bonds of the authority issued under this chapter and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect.*

Sec. 11. [144C.11] [PURCHASE AND CANCELLATION BY AUTHORITY.]

*Subject to agreements with bondholders that may then exist, the authority may purchase out of funds available for the purpose, bonds of the authority which shall then be canceled, at a price not exceeding the following amounts:*

*(1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date of the bonds; or*

*(2) 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. 12. [144C.12] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

*The state pledges and agrees with the holders of bonds issued under sections 144C.05 to 144C.14 that the state will not limit or alter the rights vested in the authority 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 authority may include this pledge and agreement of the state in any agreement with the holders of bonds issued under sections 144C.05 to 144C.13.*

Sec. 13. [144C.13] [RESERVES; FUNDS; ACCOUNTS.]

*The authority may establish reserves, funds, or accounts necessary to carry out the purposes of the authority or to comply with any agreement made by or any resolution passed by the authority.*

Sec. 14. [144C.14] [ANNUAL REPORT.]

*The commissioner shall annually report to the chair of the senate finance committee, the house ways and means committee, and the appropriate policy committees of the house of representatives and senate on the financial activity of the authority.*

Sec. 15. [APPROPRIATION.]

*$..... is appropriated from the general fund to the nursing facilities authority for the purposes of sections 144C.01 to 144C.14. The approved complement of the authority is six full-time equivalent positions.*"

Delete the title and insert:

"A bill for an act relating to human services; creating the nursing facilities financing authority to finance residential care facilities for elderly or physically infirm or impaired persons; authorizing bonds; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 144C."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1188: A bill for an act relating to child labor; changing penalty

provisions of the child labor law; amending Minnesota Statutes 1992, section 181A.12.

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

Page 2, line 28, delete "*serious*" and insert "*substantial*" and after "*harm*" insert "*as defined in section 609.02, subdivision 7a,*"

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1209: A bill for an act relating to weights and measures; authorizing the commissioner of public service to set fees without rulemaking; setting fees to cover costs of inspections; appropriating money; amending Minnesota Statutes 1992, section 239.10; proposing coding for new law in Minnesota Statutes, chapter 239; repealing Minnesota Statutes 1992, sections 239.52; and 239.78.

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

Page 2, line 2, delete "*deemed*"

Page 2, line 7, delete everything after "*program*" and insert "*according to this section.*"

Page 2, delete lines 8 to 10

Page 2, line 15, delete "*Money*" and insert "*Fees*"

Page 2, line 23, delete "*first*"

Page 3, line 3, after "*not*" insert "*a rule*"

Page 3, line 4, delete everything after "*14*" and insert a period

Page 3, delete line 5

Page 3, line 6, delete "*are adjusted,*"

Page 3, line 11, delete from "*The*" through page 3, line 13, to "*3.*"

Page 3, line 16, after "*increase*" insert "*from the legislature*"

Page 3, line 17, delete "*Overhead costs and*"

Page 3, line 19, after "*3*" insert ", *including related overhead costs,*" and delete "*included*"

Page 3, line 20, delete "*in the costs to be*"

Page 3, after line 20, insert:

"Sec. 3. Minnesota Statutes 1992, section 239.791, subdivision 6, is amended to read:

Subd. 6. [OXYGENATE RECORDS; SELF AUDITS.] A registered oxygenate blender shall ~~commission an attestation engagement performed by a certified public accountant~~ *audit records* to ~~investigate~~ *demonstrate* compli-

ance with this section and with EPA oxygenated fuel requirements. The audit report, including the cumulative record of gasoline oxygenate blends, must be submitted to the director, as prescribed by the director, within 120 days after the end of each carbon monoxide control period.

Sec. 4. Minnesota Statutes 1992, section 239.791, subdivision 8, is amended to read:

Subd. 8. [DISCLOSURE.] A person responsible for the product who delivers, distributes, sells, or offers to sell gasoline in a carbon monoxide control area, during a carbon monoxide control period, shall provide, at the time of delivery, a bill of lading or shipping manifest to the person who receives the gasoline. For oxygenated gasoline, the bill *of lading* or *shipping* manifest *must include the identity and the volume percentage or gallons of oxygenate included in the gasoline, and it* must state: "This fuel contains an oxygenate. Do not blend this fuel with ethanol or with any other oxygenate." For nonoxygenated gasoline, the bill or manifest must state: "This fuel must not be sold at retail or used in a carbon monoxide control area." This subdivision does not apply to sales or transfers of gasoline when the gasoline is dispensed into the supply tanks of motor vehicles."

Page 3, line 28, delete "*239.52*" and insert "*239.05, subdivision 2c; 239.52;*"

Page 3, after line 29, insert:

"Sec. 7. [EFFECTIVE DATE.]

*Section 3 is effective the day following final enactment.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the first semicolon, insert "regulating oxygenated gasoline records;"

Page 1, line 6, delete "section 239.10" and insert "sections 239.10; and 239.791, subdivisions 6 and 8"

Page 1, line 8, after "sections" insert "239.05, subdivision 2c;"

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 610: A bill for an act relating to economic development; adding the executive director of the higher education coordinating board to the Minnesota job skills partnership board; authorizing the use by the job skills partnership board of funds from any source for grants and dissemination of information; amending Minnesota Statutes 1992, sections 116L.03, subdivisions 1 and 2; and 116L.05, by adding a subdivision.

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

Page 1, delete section 1

Page 1, line 20, delete the new language

Page 1, line 21, delete the new language and strike "chancellor of"

Page 1, line 22, strike "the technical college system" and insert "*executive director of the higher education coordinating board*"

Page 2, line 3, delete "2" and insert "*1*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete everything after the second comma and insert "subdivision 2;"

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1089: A bill for an act relating to agriculture; grain marketing; providing wheat protein premiums equivalent to discounts; amending Minnesota Statutes 1992, sections 17B.02, subdivisions 3a and 5; and 17B.0451, subdivision 10, and by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. [WHEAT PRICE STUDY.]

*Subdivision 1.* [CREATION.] *A task force is created to study the current use of protein and foreign matter premiums and dockage for wheat. The task force shall consist of but not be limited to representatives of the department of agriculture working in consultation with the University of Minnesota and the staff of the senate and house of representatives.*

*Subd. 2.* [DUTIES.] *The task force shall conduct a study of the legitimacy and appropriateness of the current use of protein and foreign matter premiums and dockage for wheat, and address the following issues:*

*(1) whether the equipment at county elevators and at regional terminals is sufficiently sophisticated and adequately maintained for accurate, reliable evaluation of the factors that determine wheat price;*

*(2) whether grain tested at regional terminals consistently tests lower in protein and higher in undesirable foreign content than the same grain tested elsewhere;*

*(3) the costs and benefits and feasibility of requiring purchasers of wheat to provide discounts for wheat that falls below the standard for protein content to offer an equal or greater premium per wheat that has a higher protein content than the standard; and*

*(4) evaluate the appropriateness of the effective date of Minnesota Statutes, section 17B.0451.*

*Subd. 3.* [REPORT.] *The task force shall submit a written report containing its recommendations and findings to the legislature by January 1, 1994.*"

Delete the title and insert:

"A bill for an act relating to agriculture; creating a wheat price task force."

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

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was re-referred

S.F. No. 1363: A bill for an act relating to natural resources; amending requirements to mitigate wetlands; adding exemptions; extending interim rules; amending Minnesota Statutes 1992, sections 103G.222; 103G.2241; 103G.2242, subdivisions 1 and 2; 103G.2369, subdivision 2; and Laws 1991, chapter 354, article 7, section 2.

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

Delete everything after the enacting clause and insert:

"Section 1. [103G.2215] [APPLICATION TO COUNTIES; DESIGNATION; GOALS; REPORTS.]

*Subdivision 1.* [DESIGNATION.] *(a) Sections 103G.222 to 103G.2372 and rules adopted under those sections apply only in counties designated by the board under this subdivision. The board must designate a county that:*

*(1) fails to meet the goal in subdivision 2, paragraph (a);*

*(2) contains less than 80 percent of its presettlement wetland acreage, as determined by the board; or*

*(3) files with the board a resolution adopted by the county board requesting the designation.*

*(b) A designation under paragraph (a) becomes effective on April 1 of the year following the year for which a condition in paragraph (a) is satisfied and continues in effect until released by the board. At least 30 days before the effective date of a designation or release of a designation, the board must notify all towns and cities within the county and publish a notice of the designation or release in a newspaper of general circulation within the county.*

*(c) The board may only release the designation of a county if:*

*(1) for counties designated under paragraph (a), clause (1), the board determines that there are adequate measures in place to meet the goal in subdivision 2, paragraph (a);*

*(2) for counties designated under paragraph (a), clause (2), the board determines that the county has achieved a level of wetland acreage equal to or greater than 80 percent of the presettlement wetland acreage; or*

*(3) for other counties, the county files with the board a resolution adopted by the county board requesting release of the designation.*

*Subd. 2.* [COUNTY GOALS; REPORTS.] *(a) Except as provided in paragraph (c), each county shall have the goal of a net gain or no net loss in the quantity, quality, and biological diversity of wetlands in the county. Each county shall develop and implement, or require political subdivisions in the county to develop and implement, programs, practices, and methods to meet this goal.*

*(b) Except as provided in paragraph (c), by February 1 each year counties shall provide the board with a report on the status of the quantity, quality, acreage, types, and public value of wetlands in the county. The report must itemize any changes in the wetlands base during the previous calendar year and state whether the goal in paragraph (a) was achieved.*

*(c) This subdivision does not apply to counties in which 80 percent or more of the presettlement wetland acreage is intact.*

Sec. 2. [103G.2217] [INCREASE IN WETLANDS IN CERTAIN COUNTIES.]

*(a) By January 1, 1997, counties in which, as of January 1, 1992, less than ten percent of the presettlement wetland acreage was intact shall achieve an increase of one-half percent in their wetland acreage, as determined by the board. Beginning in 1997, these counties shall achieve an additional one-half percent increase in wetland acreage each year until a level equal to ten percent of the presettlement wetland acreage in the county is achieved.*

*(b) A county is no longer subject to this section when the board certifies that the county has achieved a level of wetland acreage equal to ten percent of the presettlement wetland acreage.*

Sec. 3. Minnesota Statutes 1992, section 103G.222, is amended to read:

103G.222 [REPLACEMENT OF WETLANDS.]

(a) *In counties that are designated by the board under section 103G.2215, subdivision 1,* after the effective date of the rules adopted under section 103B.3355 or 103G.2242, whichever is later, wetlands must not be drained or filled, wholly or partially, unless replaced by restoring or creating wetland areas of at least equal public value under either a replacement plan approved as provided in section 103G.2242 or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242.

(b) Replacement must be guided by the following principles in descending order of priority:

(1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;

(2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;

(3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;

(4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity; and

(5) compensating for the impact by replacing or providing substitute wetland resources or environments.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that a deed restriction is placed on the altered wetland prohibiting nonagricultural use for at least ten years.

(d) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected.

(e) Replacement shall be within the same watershed or county as the impacted wetlands, as based on the wetland evaluation in section 103G.2242, subdivision 2, except that counties or watersheds in which 80 percent or more of the presettlement wetland acreage is intact may accomplish replacement in counties or watersheds in which 50 percent or more of the presettlement wetland acreage has been filled, drained, or otherwise degraded. Wetlands impacted by public transportation projects may be replaced statewide, provided they are approved by the commissioner under an established wetland banking system, or under the rules for wetland banking as provided for under section 103G.2242.

(f) ~~For a wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.~~

~~(g)~~ For a wetland located on agricultural land, Replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

~~(h)~~ *(g)* Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

*(h) For the purposes of sections 103G.222 to 103G.2373, "agricultural land" means land devoted to production of horticultural, row, close grown, introduced pasture, and introduced hayland crops; pasturing of livestock and dairy animals; growing nursery stocks; and operation of animal feedlots. Agricultural land includes contiguous land and buildings under the same ownership associated with the activities in the preceding sentence.*

Sec. 4. Minnesota Statutes 1992, section 103G.2241, is amended to read:

103G.2241 [EXEMPTIONS.]

~~Subdivision 1. [EXEMPTIONS.]~~ (a) Subject to the conditions in paragraph (b), a replacement plan for wetlands is not required for:

(1) activities in a wetland that was planted with annually seeded crops, was in a crop rotation seeding of pasture grasses or legumes, or was required to be set aside to receive price support or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to January 1, 1991;

(2) activities in a wetland that is or has been enrolled in the federal conservation reserve program under United States Code, title 16, section 3831, that:

(i) was planted with annually seeded crops, was in a crop rotation seeding, or was required to be set aside to receive price support or payment under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to being enrolled in the program; and

(ii) has not been restored with assistance from a public or private wetland restoration program;

(3) activities necessary to repair and maintain existing public or private drainage systems as long as wetlands that have been in existence for more than 20 years are not drained;

(4) activities in a wetland that has received a commenced drainage determination provided for by the federal Food Security Act of 1985, that was made to the county agricultural stabilization and conservation service office prior to September 19, 1988, and a ruling and any subsequent appeals or reviews have determined that drainage of the wetland had been commenced prior to December 23, 1985;

(5) activities exempted from federal regulation under United States Code, title 33, section 1344(f);

(6) activities authorized under, and conducted in accordance with, an applicable general permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, except the nationwide permit in Code of Federal Regulations, title 33, section 330.5, paragraph (a), clause (14), limited to when a new road crosses a wetland, and all of clause (26);

(7) activities in a type 1 wetland ~~on agricultural land~~, as defined in United States Fish and Wildlife Circular No. 39 (1971 edition) except for bottomland hardwood type 1 wetlands;

(8) activities in a type 2 wetland that is two acres in size or less located on agricultural land;

(9) activities in a wetland restored for conservation purposes under a contract or easement providing the landowner with the right to drain the restored wetland;

(10) activities in a wetland created solely as a result of:

(i) beaver dam construction;

(ii) blockage of culverts through roadways maintained by a public or private entity;

(iii) actions by public entities that were taken for a purpose other than creating the wetland; or

(iv) any combination of (i) to (iii);

(11) placement, maintenance, repair, enhancement, or replacement of utility or utility-type service, including the transmission, distribution, or furnishing, at wholesale or retail, of natural or manufactured gas, electricity, telephone, or radio service or communications if:

(i) the impacts of the proposed project on the hydrologic and biological characteristics of the wetland have been avoided and minimized to the extent possible; and

(ii) the proposed project significantly modifies or alters less than one-half acre of wetlands;

(12) activities associated with routine maintenance of utility and pipeline rights-of-way, ~~provided the activities do not result in additional intrusion into the wetland~~;

(13) alteration of a wetland associated with the operation, maintenance, or repair of an interstate pipeline;

(14) temporarily crossing or entering a wetland to perform silvicultural activities, including timber harvest as part of a forest management activity, so long as the activity limits the impact on the hydrologic and biologic characteristics of the wetland; the activities do not result in the construction of dikes, drainage ditches, tile lines, or buildings; and the timber harvesting and other silvicultural practices do not result in the drainage of the wetland or public waters;

(15) permanent access for forest roads across wetlands so long as the activity limits the impact on the hydrologic and biologic characteristics of the wetland; the construction activities do not result in the access becoming a dike, drainage ditch or tile line; with filling avoided wherever possible; and there is no drainage of the wetland or public waters;

(16) activities associated with routine maintenance *or repair* of existing public highways, roads, streets, and bridges, provided the activities do not result in additional intrusion into the wetland ~~and do not result in the draining or filling, wholly or partially, of a wetland~~ *outside of the existing right-of-way*;

(17) emergency repair and normal maintenance and repair of existing public works, ~~provided the activity does not result in additional intrusion of the public works into the wetland and do not result in the draining or filling, wholly or partially, of a wetland~~;

(18) normal maintenance and minor repair of structures ~~causing no additional intrusion of an existing structure into the wetland,~~ and maintenance and repair of private crossings ~~that do not result in the draining or filling, wholly or partially, of a wetland~~;

(19) duck blinds;

(20) aquaculture activities, ~~except building or altering of docks and activities involving the draining or filling, wholly or partially, of a wetland~~ *including pond excavation and construction and maintenance of associated access roads and dikes authorized under, and conducted in accordance with, a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, but not including construction or expansion of buildings*;

(21) wild rice production activities, including necessary diking and other activities authorized under a permit issued by the United State Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344;

(22) normal agricultural practices to control pests or weeds, defined by rule as either noxious or secondary weeds, in accordance with applicable requirements under state and federal law, including established best management practices;

(23) activities in a wetland that is on agricultural land annually enrolled in the federal Food, Agricultural, Conservation, and Trade Act of 1990, United States Code, title 16, section 3821, subsection (a), clauses (1) to (3), as amended, and is subject to sections 1421 to 1424 of the federal act in effect on January 1, 1991, except that land enrolled in a federal farm program is eligible for easement participation for those acres not already compensated under a federal program;

(24) development projects and ditch improvement projects in the state that have received preliminary or final plat approval, or infrastructure that has been installed, or having local site plan approval, conditional use permits, or similar official approval by a governing body or government agency, within five years before July 1, 1991. In the seven-county metropolitan area and in cities of the first and second class, plat approval must be preliminary as approved by the appropriate governing body; *and*

*(25) activities that result in the draining or filling of less than one-half of an acre of wetlands in a year, provided that the activity may not result in the draining or filling over time of more than 25 percent of a wetland's area.*

(b) A person conducting an activity in a wetland under an exemption in paragraph (a) shall ensure that:

(1) appropriate erosion control measures are taken to prevent sedimentation of the water;

(2) the activity does not block fish passage in a watercourse; and

(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H.

Sec. 5. Minnesota Statutes 1992, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. [RULES.] (a) By July 1, 1993, the board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values; may address the state establishment and administration of a wetland banking program for public and private projects, which may include provisions allowing monetary payment to the wetland banking program for alteration of wetlands on agricultural land; the methodology to be used in identifying and evaluating wetland functions; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon balance described in the report required by Laws 1990, chapter 587, and include the planting of trees or shrubs.

(b) *The rules are effective January 1, 1994.*

*(c)* After the ~~adoption~~ *effective date* of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules.

~~(c)~~ *(d)* If the local government unit fails to apply the rules, the government unit is subject to penalty as determined by the board.

Sec. 6. Minnesota Statutes 1992, section 103G.2242, subdivision 2, is amended to read:

Subd. 2. [EVALUATION.] Questions concerning the public value, location, size, or type of a wetland shall be submitted to and determined by a technical evaluation panel after an on-site inspection. The technical evaluation panel shall be composed of a technical professional employee of the board, a technical professional employee of the local soil and water conservation district or districts, and an engineer for the local government unit. *The local government unit may appoint to the panel an additional representative with technical expertise in water resources management.* The panel shall use the "Federal Manual for Identifying and Delineating Jurisdictional Wetlands" (January 1989). The panel shall provide the wetland determination to the local government unit that must approve a replacement plan under this section, and may recommend approval or denial of the plan. The authority must consider and include the decision of the technical evaluation panel in their approval or denial of a plan."

Sec. 7. Minnesota Statutes 1992, section 103G.2369, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED ACTIVITIES.] (a) Except as provided in subdivision 3, until ~~July~~ *January* 1, ~~1993~~ *1994*, a person may not drain~~, burn,~~ or fill a wetland.

(b) Except as provided in subdivision 3, until ~~July~~ *January* 1, ~~1993~~ *1994*, a state agency or local unit of government may not issue a permit for an activity prohibited in paragraph (a) or for an activity that would include an activity prohibited in paragraph (a).

Sec. 8. Minnesota Statutes 1992, section 103G.2369, is amended by adding a subdivision to read:

*Subd. 4a.* [APPEAL OF CERTIFICATION DECISIONS.] *An affected person may appeal a certification decision under subdivision 3, clause (3), to the board under sections 103A.301 to 103A.341.*

Sec. 9. Laws 1991, chapter 354, article 7, section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1992, and is repealed ~~July~~ *January* 1, ~~1993~~ *1994*.

Sec. 10. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*"

Delete the title and insert:

"A bill for an act relating to natural resources; amending requirements to replace wetlands; adding exemptions; increasing wetland acreage in certain counties; extending interim rules; amending Minnesota Statutes 1992, sections 103G.222; 103G.2241; 103G.2242, subdivisions 1 and 2; and 103G.2369, subdivision 2, and by adding a subdivision; Laws 1991, chapter 354, article 7, section 2; proposing coding for new law in Minnesota Statutes, chapter 103G."

And when so amended the bill do pass and be re-referred to the Committee

on Environment and Natural Resources. Amendments adopted. Report adopted.

Mr. Marty from the Committee on Ethics and Campaign Reform, to which was referred

S.F. No. 1202: A bill for an act relating to elections; designating judicial seats by number or position, rather than by the name of the incumbent; amending Minnesota Statutes 1992, section 204B.36, subdivision 4.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Marty from the Committee on Ethics and Campaign Reform, to which was referred

S.F. No. 1081: A bill for an act relating to the metropolitan council; redrawing the boundaries of council districts; amending Minnesota Statutes 1992, sections 473.123, subdivision 3a, and by adding a subdivision; 473.141, subdivisions 2 and 4a; 473.373, subdivision 4a; 473.604, subdivision 1; and 473.703, subdivisions 1 and 2; repealing Minnesota Statutes 1992, section 473.123, subdivision 3b.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1148: A bill for an act relating to traffic regulations; increasing fees for overweight trucks; authorizing permit to be issued for trailer or semitrailer exceeding 28-1/2 feet in three-vehicle combination; amending Minnesota Statutes 1992, sections 169.81, subdivision 2; and 169.86, subdivision 5.

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

Page 2, lines 25 to 29, reinstate the stricken language

Page 2, line 30, reinstate the stricken language and before the reinstated period, insert "*or may grant a permit authorizing the transportation of empty trailers that exceed 28-1/2 feet from a point of manufacture in the state to the state border*"

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

Ms. Berglin from the Committee on Health Care, to which was re-referred

S.F. No. 657: A bill for an act relating to compulsive gambling; providing for a compulsive gambling surtax; establishing a compulsive gambling account; requesting contributions from the Minnesota Indian gaming association for compulsive gambling programs; appropriating money; amending Minnesota Statutes 1992, sections 245.98, by adding a subdivision; 349.212, subdivision 2, and by adding a subdivision.

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

Page 1, line 19, delete "*.074*" and insert "*.0074*"

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

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1324: A bill for an act relating to human services; adding an exception to group residential housing rate; amending Minnesota Statutes 1992, section 256I.03, subdivision 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Piper from the Committee on Family Services, to which was referred

S.F. No. 34: A bill for an act relating to children; requiring background checks on foreign exchange host families; amending Minnesota Statutes 1992, section 245A.03, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. [5A.01] [DEFINITIONS.]

*Subdivision 1.* [SCOPE.] *The definitions in this section apply to this chapter.*

*Subd. 2.* [INTERNATIONAL STUDENT EXCHANGE VISITOR PLACEMENT ORGANIZATION; ORGANIZATION.] *"International student exchange visitor placement organization" or "organization" means a person, partnership, corporation, or other entity that regularly arranges the placement of international student exchange visitors for the purpose, in whole or in part, of allowing the student an opportunity to attend school in the United States.*

*Subd. 3.* [INTERNATIONAL STUDENT EXCHANGE VISITOR; STUDENT.] *"International student exchange visitor" or "student" means a person 18 years of age or under, or up to age 21 if enrolled or to be enrolled in high school in this state, placed by an international student exchange visitor placement organization, who enters the United States with a nonimmigrant visa.*

Sec. 2. [5A.02] [ORGANIZATION REGISTRATION.]

*(a) All international student exchange visitor placement organizations that place students in schools in the state shall register with the secretary of state.*

*(b) Failure to register is a violation of this chapter.*

*(c) Information provided to the secretary of state under this chapter is a public record.*

*(d) Registration must not be considered or be represented as an endorsement of the organization by the secretary of state or the state of Minnesota.*

Sec. 3. [5A.03] [ORGANIZATION APPLICATION FOR REGISTRATION.]

*(a) An application for registration as an international student exchange visitor placement organization must be submitted in the form prescribed by the secretary of state. The application must include:*

*(1) evidence that the organization meets the standards established by the secretary of state by rule;*

*(2) the name, address, and telephone number of the organization, its chief executive officer, and the person within the organization who has primary responsibility for supervising placements within the state;*

*(3) the organization's unified business identification number, if any;*

*(4) the organization's United States Information Agency number, if any;*

*(5) evidence of Council on Standards for International Educational Travel listing, if any;*

*(6) whether the organization is exempt from federal income tax; and*

*(7) a list of the organization's placements in Minnesota for the previous academic year including the number of students placed, their home countries, the school districts in which they were placed, and the length of their placements.*

*(b) The application must be signed by the chief executive officer of the organization and the person within the organization who has primary responsibility for supervising placements within Minnesota. If the secretary of state determines that the application is complete, the secretary of state shall file the application and the applicant is registered.*

*(c) International student exchange visitor placement organizations that have registered shall inform the secretary of state of any changes in the information required under paragraph (a), clause (1), within 30 days of the change.*

*(d) Registration under this chapter is valid for one year. The registration may be renewed annually.*

Sec. 4. [5A.04] [RULES.]

*(a) The secretary of state shall adopt by rule standards for international student exchange visitor placement organizations. In adopting the rules, the secretary of state shall strive to adopt standards established by the United States Information Agency and the Council on Standards for International Educational Travel and strive to achieve uniformity with national standards. The secretary of state may incorporate standards established by the United States Information Agency or the Council on Standards for International Educational Travel by reference and may accept an organization's designation by the United States Information Agency or acceptance for listing by the Council on Standards for International Educational Travel as evidence of compliance with the standards.*

*(b) The secretary of state may adopt rules as necessary to carry out its duties under this chapter. The rules may provide for a reasonable registration fee not to exceed $50 to defray the costs of processing registrations.*

*(c) The rules of the secretary of state adopted under this section must include a requirement that an international student exchange visitor placement organization's application form for participation as a host family must include a signed waiver giving the organization permission to conduct a background check, if the organization considers it necessary, on members of the host family, conducted as specified in sections 299C.60 to 299C.64, except that the background check must also determine whether the subject of the check has been convicted of any felony.*

Sec. 5. [5A.05] [INFORMATIONAL DOCUMENT.]

*International student exchange organizations that have agreed to provide services to place students in the state shall provide an informational document in English, to each student, host family, and superintendent of the school district in which the student is being placed. The document must be provided before placement and must include the following:*

*(1) an explanation of the services to be performed by the organization for the student, host family, and school district;*

*(2) a summary of this chapter prepared by the secretary of state; and*

*(3) telephone numbers that the student, host family, and school district may call for assistance. The telephone numbers shall include, at minimum, an in-state telephone number for the organization, and the telephone numbers of the organization's national headquarters, if any, the United States Information Agency, and the office of the secretary of state.*

Sec. 6. [5A.06] [COMPLAINTS.]

*The secretary of state may, upon receipt of a complaint regarding an international student exchange organization, report the matter to the organization involved, the United States Information Agency, or the Council on Standards for International Educational Travel, as the secretary of state considers appropriate.*

Sec. 7. [5A.07] [VIOLATIONS; MISDEMEANOR.]

*A person who violates this chapter or who willfully and knowingly gives false or incorrect information to the secretary of state, attorney general, or county prosecuting attorney in filing statements required by this chapter, whether or not the statement or report is verified, is guilty of a misdemeanor.*

Sec. 8. [5A.08] [SEVERABILITY.]

*If any provision of this chapter or its application to a person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.*''

Delete the title and insert:

''A bill for an act relating to student exchange programs; regulating student exchange programs; imposing a penalty; proposing coding for new law as Minnesota Statutes, chapter 5A.''

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 782, 911, 1171, 803, 1380, 1188, 1202, 1081, 1148 and 1324 were read the second time.

## MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Kelly moved that the names of Ms. Pappas, Mr. Cohen and Ms. Anderson be added as co-authors to S.F. No. 262. The motion prevailed.

Ms. Johnson, J.B. moved that the name of Ms. Piper be added as a co-author to S.F. No. 698. The motion prevailed.

Mr. Cohen moved that the names of Mses. Pappas, Anderson and Mr. Kelly be added as co-authors to S.F. No. 741. The motion prevailed.

Mr. Dille moved that his name be stricken as chief author, shown as a co-author and the name of Mr. Stevens be added as chief author to S.F. No. 894. The motion prevailed.

Ms. Johnson, J.B. moved that the name of Mr. Kelly be added as a co-author to S.F. No. 1434. The motion prevailed.

Mr. Luther moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Marty be shown as chief author to S.F. No. 152. The motion prevailed.

Mr. Moe, R.D. moved that his name be stricken as a co-author to S.F. No. 152. The motion prevailed.

Mr. Marty moved that the name of Mr. Johnson, D.J. be added as a co-author to S.F. No. 152. The motion prevailed.

Mr. Chmielewski moved that S.F. No. 1153 be withdrawn from the Committee on Commerce and Consumer Protection and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Ms. Berglin moved that S.F. No. 1324, on General Orders, be stricken and re-referred to the Committee on Health Care. The motion prevailed.

## INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Johnson, D.J.; Mses. Reichgott, Pappas and Mr. Kelly introduced—

S.F. No. 1530: A bill for an act relating to taxation; reducing the class rates applicable to nonhomestead residential property; providing that HACA payments are not adjusted to compensate for the change in net tax capacity; amending Minnesota Statutes 1992, sections 237.13, subdivision 25; and 273.1398, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mr. Sams introduced—

S.F. No. 1531: A bill for an act relating to elections; requiring publication and posting of notice of filing dates by county auditors; amending Minnesota Statutes 1992, section 204B.33.

Referred to the Committee on Ethics and Campaign Reform.

Mr. Novak introduced—

S.F. No. 1532: A bill for an act relating to landlord and tenant; restricting recovery if tenant owes rent; modifying owner's obligation to furnish rent certificate; allowing recovery under parol leases; allowing expedited proceedings; imposing penalties; amending Minnesota Statutes 1992, sections 290A.19; 504.02, subdivision 1, and by adding a subdivision; 566.03, by adding a subdivision; and 566.06; proposing coding for new law in Minnesota Statutes, chapters 290A; 504; and 566.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Frederickson introduced—

S.F. No. 1533: A bill for an act relating to education; clarifying which cooperating districts are eligible to levy for severance and allowing certain districts to levy for severance; amending Minnesota Statutes 1992, section 124.2725, subdivision 15.

Referred to the Committee on Education.

Mr. Solon introduced—

S.F. No. 1534: A bill for an act relating to commerce; regulating late fees charged by wire communication companies; proposing coding for new law in Minnesota Statutes, chapter 238.

Referred to the Committee on Commerce and Consumer Protection.

Ms. Wiener, Messrs. Stumpf and Murphy introduced—

S.F. No. 1535: A bill for an act relating to education; providing for the licensing and oversight of private business, trade, and correspondence schools by the higher education coordinating board; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 141; repealing Minnesota Statutes 1992, sections 141.21; 141.22; 141.23; 141.25; 141.26; 141.271; 141.28; 141.29; 141.30; 141.31; 141.32; 141.33; 141.34; 141.35; and 141.36.

Referred to the Committee on Education.

Mrs. Benson, J.E. introduced—

S.F. No. 1536: A bill for an act relating to liquor; issuance of off-sale licenses in adjoining counties; amending Minnesota Statutes 1992, section 340A.412, subdivision 3.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Cohen introduced—

S.F. No. 1537: A bill for an act relating to motor vehicles; authorizing issuance of special arts license plates; creating special account for the arts; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168.

Referred to the Committee on Transportation and Public Transit.

Mr. Bertram introduced—

S.F. No. 1538: A bill for an act relating to education; authorizing a fund transfer for independent school district No. 750, Rocori area schools.

Referred to the Committee on Education.

Mr. Metzen introduced—

S.F. No. 1539: A bill for an act relating to taxation; property; reducing the class rates for noncommercial seasonal recreational residential property; amending Minnesota Statutes 1992, sections 273.13, subdivision 25; and 273.1398, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

## MEMBERS EXCUSED

Mr. Riveness, Mrs. Adkins, Mses. Johnson, J.B. and Reichgott were excused from the Session of today from 8:30 to 9:00 a.m.

## ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Monday, April 5, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate