

### THIRTY-THIRD DAY

St. Paul, Minnesota, Monday, April 12, 1993

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

#### CALL OF THE SENATE

Ms. Ranum 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. Samuel Buffat.

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

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

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

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 communications were received.

April 7, 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. 300.

Warmest regards,  
Arne H. Carlson, Governor

April 8, 1993

The Honorable Dee Long  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
300		15	3:25 p.m. April 7	April 7
	298	16	3:20 p.m. April 7	April 7
	341	17	3:22 p.m. April 7	April 7
	159	18	3:24 p.m. April 7	April 7
	145	19	3:24 p.m. April 7	April 7

Sincerely,  
Joan Anderson Growe  
Secretary of State

#### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 234 and 371.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1993

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 270, 1074, 1326, 507, 560, 654, 795 and 804.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 8, 1993

#### FIRST READING OF HOUSE BILLS

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

H.F. No. 270: A bill for an act relating to the city of St. Paul; authorizing payment of refunds to the estates of certain deceased firefighters.

Referred to the Committee on Governmental Operations and Reform.

H.F. No. 1074: 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.

H.F. No. 1326: A bill for an act relating to outdoor recreation; authorizing marking of canoe and boating routes on the Pomme de Terre river; amending Minnesota Statutes 1992, section 85.32, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 507: A bill for an act relating to patient and resident rights; providing patients and residents with the option to disclose their presence in a facility; amending Minnesota Statutes 1992, sections 144.651, subdivisions 2, 21, and 26; and 253B.03, subdivisions 3 and 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 481, now on General Orders.

H.F. No. 560: A bill for an act relating to railroads; redefining "grade crossing" to include an intersection of a public pedestrian-bicycle trail with railroad tracks; amending Minnesota Statutes 1992, section 219.16.

Referred to the Committee on Transportation and Public Transit.

H.F. No. 654: A bill for an act relating to commerce; regulating corporate registrations and administrative dissolutions; regulating limited partnership registrations; regulating trademarks; regulating various lien filings; making various housekeeping changes relating to the powers and duties of the secretary of state; regulating legal newspapers; amending Minnesota Statutes 1992, sections 302A.821, subdivision 6; 303.13, subdivisions 1 and 2; 317A.823, subdivision 1; 317A.827, subdivision 3; 322A.70; 331A.07; 333.20, subdivision 3; 336.9-403; 514.27; 514.661, subdivision 4; 514.945, subdivision 1; 514.956, subdivision 3; and 514.960, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 704, now on General Orders.

H.F. No. 795: A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 742, now on General Orders.

H.F. No. 804: A bill for an act relating to health; providing an exception to the contested case hearing process required for changing the service area of an ambulance service; amending Minnesota Statutes 1992, section 144.802, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1107, now on General Orders.

### 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. 385. The motion prevailed.

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

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.

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

Page 2, line 31, delete the first comma and insert "or" and after "barley" insert "*grown or produced outside the continental United States*"

Page 3, delete section 6

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

S.F. No. 167: A bill for an act relating to insurance; health; modifying eligibility for the private employers insurance program and small employer insurance coverages; amending Minnesota Statutes 1992, sections 43A.317, subdivision 5; and 62L.02, subdivision 26.

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

Page 2, line 19, reinstate the stricken period and before the reinstated period, insert "*If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer, have paid social security on behalf of its employees, and have listed the family members employed by the employer on schedule C of their most recent income tax return*"

Page 3, line 12, before "A" insert "*If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer, have paid social security on behalf of its employees, and have listed the family members employed by the employer on schedule C of their most recent income tax return.*"

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 re-referred

S.F. No. 487: A bill for an act relating to natural resources; requiring that iron mines and production facilities be maintained in salable operating condition; proposing coding for new law in Minnesota Statutes, chapter 93.

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

Page 1, lines 17 and 18, delete "*condition*" and insert "*requirement*"

Page 1, line 20, delete "*The condition*" and insert "*This requirement*"

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. 769: A bill for an act relating to insurance; health; regulating benefits for outpatient mental or nervous disorder treatment; amending Minnesota Statutes 1992, section 62A.152, subdivisions 2 and 3.

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

Page 2, line 4, delete "*if*" and insert "*clauses (1) to (5); and 245.4871, subdivision 27, clauses (1) to (5)*"

Page 2, line 5, delete "*licensed*"

Page 2, line 31, delete "*if licensed*" and insert "*clauses (1) to (5); and 245.4871, subdivision 27, clauses (1) to (5)*"

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. 1261: A bill for an act relating to courts; authorizing the commissioner of revenue to disclose certain tax information to the court for purposes of determining public defender eligibility; providing for funding of a screener-collector position in the eighth judicial district; authorizing payment of fines and other financial obligations of criminal defendants by credit card; appropriating money; amending Minnesota Statutes 1992, sections 270B.14, by adding a subdivision; 357.021, subdivision 1a; and 609.101, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Page 1, delete section 1

Page 2, line 17, delete from "*The*" through page 2, line 19, to "*court.*"

Page 3, delete lines 29 to 33 and insert:

"The court may not waive payment of the minimum fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family."

Page 4, line 12, delete "*supreme*" and insert "*district*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete from "authorizing" through page 1, line 5, to "eligibility;"

Page 1, line 10, delete everything after "sections"

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

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

H.F. No. 251: A bill for an act relating to child abuse reporting; expanding the definition of "neglect" to include failure to provide a child with necessary education; amending Minnesota Statutes 1992, section 626.556, 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. Minnesota Statutes 1992, section 260.015, is amended by adding a subdivision to read:

*Subd. 5b. [EDUCATIONAL NEGLECT.] "Educational neglect" means the child's parent, guardian, or custodian has been unable or unwilling to comply with the compulsory school attendance law, section 120.101, subdivisions 1 to 5, and the school has made appropriate efforts to resolve the child's attendance problems. A child's absence from school, when the child is 11 years old or younger, is presumed to be due to the parent's, guardian's, or custodian's failure to comply with compulsory school attendance laws; this presumption may be rebutted based on a showing by clear and convincing evidence that the child is habitually truant.*

Sec. 2. Minnesota Statutes 1992, section 260.015, subdivision 19, is amended to read:

*Subd. 19. [HABITUAL TRUANT.] "Habitual truant" means a child under the age of 16 years who is absent from attendance at school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school. A child's absence from school, when the child is 12 years old or older, is presumed to be due to the child's intent to be absent from school; the presumption may be rebutted based on a showing by clear and convincing evidence that the child's absence is due to educational neglect.*

Sec. 3. Minnesota Statutes 1992, section 260.155, subdivision 1, is amended to read:

*Subdivision 1. [GENERAL.] Except for hearings arising under section 260.261, hearings on any matter shall be without a jury and may be conducted in an informal manner. The rules of evidence promulgated pursuant to section 480.0591 and the law of evidence shall apply in adjudicatory proceedings involving a child alleged to be delinquent, in need of protection or services under section 260.015, subdivision 2a, clause (11) or (12), or a juvenile petty offender, and hearings conducted pursuant to section 260.125 except to the extent that the rules themselves provide that they do not apply. In all*

*adjudicatory proceedings involving a child alleged to be in need of protection or services, the court shall admit only evidence that would be admissible in a civil trial. To be proved at trial, allegations of a petition alleging a child to be in need of protection or services must be proved by clear and convincing evidence.* Except for proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may be continued or adjourned from time to time. In proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may not be continued or adjourned for more than one week unless the court makes specific findings that the continuance or adjournment is in the best interests of the child. If a hearing is held on a petition involving physical or sexual abuse of a child who is alleged to be in need of protection or services or neglected and in foster care, the court shall file the decision with the court administrator as soon as possible but no later than 15 days after the matter is submitted to the court. When a continuance or adjournment is ordered in any proceeding, the court may make any interim orders as it deems in the best interests of the minor in accordance with the provisions of sections 260.011 to 260.301. The court shall exclude the general public from these hearings and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court; except that, the court shall open the hearings to the public in delinquency proceedings where the child is alleged to have committed an offense or has been proven to have committed an offense that would be a felony if committed by an adult and the child was at least 16 years of age at the time of the offense. In all delinquency cases a person named in the charging clause of the petition as a person directly damaged in person or property shall be entitled, upon request, to be notified by the court administrator in writing, at the named person's last known address, of (1) the date of the reference or adjudicatory hearings, and (2) the disposition of the case. Adoption hearings shall be conducted in accordance with the provisions of laws relating to adoptions.

Sec. 4. Minnesota Statutes 1992, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342, 609.343, 609.344, or 609.345. Sexual abuse also includes any act which involves a minor which constitutes a violation of sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting, whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter or medical care when reasonably able to do so, ~~or~~ failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so, *or failure to take steps to ensure that a child is educated in accordance with state law.* Nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that there is a duty to report if a lack of medical care may cause imminent and serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, *education*, or medical care, a duty to provide that care. Neglect includes prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance. Neglect also means "medical neglect" as defined in section 260.015, subdivision 2a, clause (5).

(d) "Physical abuse" means any physical or mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825.

(e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.

(f) "Facility" means a day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed pursuant to sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem services.

(k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury."

Delete the title and insert:

"A bill for an act relating to child abuse reporting; expanding the definition of "neglect" to include failure to provide a child with necessary education; creating a presumption for CHIPS purposes that the absence from school of a child under 12 years old is due to educational neglect; amending Minnesota Statutes 1992, sections 260.015, subdivision 19, and by adding a subdivision; 260.155, subdivision 1; and 626.556, subdivision 2."

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

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

S.F. No. 656: A bill for an act relating to the city of Albert Lea; actuarial assumptions for the Albert Lea fire department relief association.

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. 666: A bill for an act relating to commerce; prohibiting smoking in designated nonsmoking hotel rooms; allowing reimbursement to innkeepers for actual costs resulting from violation; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 327.

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

Delete everything after the enacting clause and insert:

"Section 1. [327.742] [SMOKING IN DESIGNATED NONSMOKING ROOMS.]

*Subdivision 1. [SMOKING PROHIBITED.] No person shall smoke cigarettes, cigars, pipes, or other smoking material in a hotel sleeping room designated nonsmoking.*

*Subd. 2. [PENALTY.] A person who violates this section is guilty of a petty misdemeanor. Upon conviction, the court may require a person who violates this section to reimburse the innkeeper for actual costs, not to exceed \$100, incurred to restore the room to its previolation condition.*

*Subd. 3. [NOTICE.] Innkeepers shall post signs conspicuously in all nonsmoking sleeping rooms stating that smoking is not permitted and advising occupants of the provisions of this section."*

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. 1444: A bill for an act relating to occupations and professions; requiring roofers to be licensed by the state; amending Minnesota Statutes

1992, sections 326.83, subdivisions 8 and 10; 326.89, subdivision 3, 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. Minnesota Statutes 1992, section 45.027, is amended by adding a subdivision to read:

*Subd. 11. [ACTIONS AGAINST LAPSED LICENSE.] If a license lapses, is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the license was last effective and enter a revocation or suspension order as of the last date on which the license was in effect, or impose a civil penalty as provided for in subdivision 6.*

Sec. 2. Minnesota Statutes 1992, section 326.83, subdivision 4, is amended to read:

Subd. 4. [LICENSEE.] "Licensee" means a residential building contractor, remodeler, roofer, or specialty contractor licensed under sections 326.83 to 326.98.

Sec. 3. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 9a. [ROOFER.] "Roofer" means a person engaged in the business of doing work on residential real estate in roof coverings, roof sheathing, roof weatherproofing and insulation, and repair of roof systems, but not construction of new roof systems.*

Sec. 4. Minnesota Statutes 1992, section 326.83, subdivision 10, is amended to read:

Subd. 10. [SPECIALTY CONTRACTOR.] "Specialty contractor" means a person other than a residential building contractor, remodeler, or material supplier in the business of contracting or offering to contract to make part of an improvement to residential real estate, including roofing.

Sec. 5. [326.842] [ROOFERS.]

*Roofers are subject to all of the requirements of sections 326.83 to 326.98.*

Sec. 6. [TEMPORARY LICENSES AND FEES.]

*Until March 31, 1994, the license fee for roofers is \$60 per year. Licensees will not be required to satisfy the examination requirement of Minnesota Statutes, section 326.89, subdivision 3, until April 4, 1994. Licenses will not be issued or renewed after that date if the examination requirement is not satisfied.*

*Any person issued a building contractor's or remodeler's license prior to the effective date of sections 1 to 6 may apply to the commissioner for a roofer's license in lieu of that license. The application must include the appropriate bond in the amount specified in Minnesota Statutes, section 326.94, as amended by section 5. The commissioner shall issue that applicant a roofer's license on the same basis as any of the amended licenses. The*

*applicant must complete the examination as specified in Minnesota Statutes, section 326.89, by April 1, 1994.*

Sec. 7. [EFFECTIVE DATE.]

*Sections 1 to 6 are effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to occupations and professions; authorizing actions against lapsed licenses; requiring roofers to be licensed by the state; providing for temporary licenses and fees; amending Minnesota Statutes 1992, sections 45.027, by adding a subdivision; and 326.83, subdivisions 4, 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 326."

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

Ms. Reichgott from the Committee on Judiciary, to which was referred

H.F. No. 208: A bill for an act relating to human rights; prohibiting discrimination against certain persons who have physical or sensory disabilities and who use service animals; clarifying certain language governing transportation of disabled persons; clarifying the commissioner's acceptance of charges; providing for office of administrative hearings costs to be charged in human rights cases; amending Minnesota Statutes 1992, sections 363.01, subdivisions 30a, 35, 41b, and by adding a subdivision; 363.03, subdivisions 2, 4, and 10; 363.071, by adding a subdivision; and 473.144.

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

Ms. Reichgott from the Committee on Judiciary, to which was referred

S.F. No. 385: A bill for an act relating to civil actions; adopting the discovery rule for medical malpractice statutes of limitation; amending Minnesota Statutes 1992, section 541.07.

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

Page 1, line 16, strike "sanitariums" and insert "treatment centers"

Page 1, line 21, strike "sanitarium" and insert "treatment center"

Page 2, line 32, delete "sanitarium" and insert "treatment center"

Page 2, line 34, before the period, insert ", provided that the action must be commenced within five years after the act or omission that forms the basis for the action unless the plaintiff failed to discover the injury due to fraud of the defendant"

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

Ms. Reichgott from the Committee on Judiciary, to which was re-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"; 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.

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

Page 3, delete lines 14 to 36

Page 4, delete line 1 and insert:

"Sec. 4. [115B.178] [ASSOCIATION WITH RELEASE; COMMISSIONER'S DETERMINATION.]

*Subdivision 1. [DETERMINATION.] The commissioner may issue determinations that certain actions proposed to be taken at real property subject to a release or threatened release of a hazardous substance or pollutant or contaminant will not constitute conduct associating the person with the release or threatened release for the purpose of section 115B.03, subdivision 3, clause (d). Proposed actions that may be covered by a determination under this section include response actions approved by the commissioner to address the release or threatened release, actions to improve or develop the real property, or other similar actions. A determination may be subject to terms and conditions deemed reasonable by the commissioner. When a person takes actions in accordance with a determination issued under this subdivision, the actions do not associate the person with the release for the purpose of section 115B.03, subdivision 3, clause (d)."*

Page 4, line 8, delete "'no-association determination'" and insert "determination"

Amend the title as follows:

Page 1, line 6, delete everything before the semicolon and insert "determinations regarding association with a release"

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

Ms. Reichgott from the Committee on Judiciary, to which was referred

S.F. No. 984: A bill for an act relating to civil actions; clarifying the limits on recovery for economic loss caused by components of manufactured goods; amending Minnesota Statutes 1992, section 604.10.

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

Ms. Reichgott from the Committee on Judiciary, to which was re-referred

S.F. No. 612: A bill for an act relating to consumers; requiring certain disclosures when consumer reports are used for employment purposes; providing for access to consumer reports; amending Minnesota Statutes 1992, section 13C.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, section 13C.01, subdivision 2.

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

Page 3, line 29, delete *"and scope"*

Page 3, line 36, delete *"delivered or mailed"* and insert *"provided"*

Page 4, line 9, delete from *"report"* through page 4, line 11, to *"preparing"* and insert *"report must be sent to the consumer by the person preparing the report within 24 hours of providing it to the person requesting"*

Page 4, line 16, after the period, insert *"If no report exists, the consumer reporting agency has no obligation to the consumer under this section."*

Page 4, line 17, delete *"person"* and insert *"consumer reporting agency"*

Page 4, line 18, delete everything before *"shall"*

Page 5, delete line 4 and insert *"the consumer reporting agency shall provide a copy of the"*

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

Ms. Reichgott from the Committee on Judiciary, to which was referred

S.F. No. 576: A bill for an act relating to creditors' remedies; limiting the value of the homestead exemption; providing for the exemption of homestead insurance proceeds; amending Minnesota Statutes 1992, sections 510.02; and 510.07.

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 510.01, is amended to read:*

*510.01 [HOMESTEAD DEFINED; EXEMPT; EXCEPTION.]*

*The house owned and occupied by a debtor as the debtor's dwelling place, together with the land upon which it is situated to the amount of area and value hereinafter limited and defined, shall constitute the homestead of such debtor and the debtor's family, and be exempt from seizure or sale under legal process on account of any debt not lawfully charged thereon in writing, except such as are incurred for work or materials furnished in the construction, repair, or improvement of such homestead, or for services performed by laborers or servants and as is provided in section 550.175.*

*Sec. 2. Minnesota Statutes 1992, section 510.02, is amended to read:*

*510.02 [AREA; AND VALUE; HOW LIMITED.]*

*The homestead may include any quantity of land not exceeding 160 acres, and not included in the laid out or platted portion of any city. If it be the homestead is within the laid out or platted portion of such place a city, its area shall must not exceed one-half of an acre. The value of the homestead exemption, whether the exemption is claimed jointly or individually, may not exceed \$200,000 or, if the homestead is used primarily for agricultural purposes, \$500,000, exclusive of the limitations set forth in section 510.05.*

*Sec. 3. Minnesota Statutes 1992, section 510.07, is amended to read:*

510.07 [SALE OR REMOVAL PERMITTED; *INSURANCE PROCEEDS*; NOTICE.]

The owner may sell and convey the homestead without subjecting it, or the proceeds of such sale for the period of one year after sale, to any judgment or debt from which it was exempt in the owner's hands, except that the proceeds of the sale are not exempt from a judgment or debt for a court ordered child support or maintenance obligation in arrears. *The proceeds of an insurance claim for an exempt homestead are exempt for one year.* The owner may remove therefrom without affecting such exemption, if the owner does not thereby abandon the same as the place of abode. If the owner shall cease to occupy such homestead for more than six consecutive months the owner shall be deemed to have abandoned the same unless, within such period, the owner shall file with the county recorder of the county in which it is situated a notice, executed, witnessed, and acknowledged as in the case of a deed, describing the premises and claiming the same as the owner's homestead. In no case shall the exemption continue more than five years after such filing, unless during some part of the term the premises shall have been occupied as the actual dwelling place of the debtor or the debtor's family.

Sec. 4. Minnesota Statutes 1992, section 510.08, is amended to read:

510.08 [SELECTION AFTER LEVY.]

(a) If the premises so owned and occupied by the debtor or claimed under the debtor by another as exempt shall exceed the area herein prescribed, and the homestead shall not have been set apart as such and its boundaries defined, an attachment or execution may be levied upon the whole. Thereupon the person entitled to the benefits of such exemption shall deliver to the officer making the levy a description of the part claimed as exempt, and the remainder only shall be subject to the levy so made.

(b) *If the premises so owned and occupied by the debtor or claimed under the debtor by another as exempt exceeds the value prescribed in section 510.02, an attachment or execution may be levied upon the whole.*

Sec. 5. Minnesota Statutes 1992, section 550.175, subdivision 3, is amended to read:

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The debtor must designate the legal description of the homestead property to be sold separately *and the debtor's estimate of the value of the property.* The homestead property designated may include any amount of the property. The designation must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor, the sheriff, and the county recorder by ten business days before the sale is scheduled.

Sec. 6. Minnesota Statutes 1992, section 550.175, subdivision 4, is amended to read:

Subd. 4. [SALE OF PROPERTY.] (a) If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately, *unless the executing creditor denies the right to the exemption, objects to the property designated, or claims the value exceeds the exemption.*

(b) If the executing creditor is dissatisfied with the homestead property designation or the debtor's valuation of the property, upon proper motion to the district court of the county in which any part of the property is located, the executing creditor is entitled to a court approved designation of the homestead and a court determination of value. The court shall either approve the debtor's designation or cause the property to be surveyed and order a homestead designation consistent with the standards of subdivision 3 and require an appraisal of fair market value, as applicable. The court's designation of the homestead property must conform to the debtor's request, to the extent not inconsistent with the standards of subdivision 3.

(c) The court, in determining appraised value, shall review any appraisals provided by the debtor and executing creditor and may require a court appointed independent appraisal. The appraisals shall evaluate the property's fair market value, net of reasonable costs of sale.

(d) If the court determines that the property claimed as a homestead exceeds in value the amount of the homestead exemption or if the court determines that the property cannot be divided without material injury, the court shall order the sale of the entire property, including the designated homestead. Out of the proceeds of the sale, the court shall pay the debtor the amount of the homestead exemption and apply the balance of the proceeds of the sale on the execution.

(e) At the sale, no bid may be accepted unless it exceeds the amount of the homestead exemption. If no bid exceeds the exemption, the homestead is exempt.

(f) The cost of any court ordered survey or appraisal and of the sale must be collected on the execution, if the debtor designated as the debtor's homestead a greater quantity of property, property of greater value than the debtor was entitled to, or designated a parcel that does not meet the standards of subdivision 3. In all other cases, the costs shall be borne by the executing creditor."

Amend the title as follows:

Page 1, line 5, after "sections" insert "510.01;" and delete "and" and before the period, insert "510.08; and 550.175, subdivisions 3 and 4"

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

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

H.F. No. 94 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
94	35				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 801 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
801	885				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 1296 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1296	716				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 976 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
				976	821

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 566 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
				566	670

and that the above Senate File be indefinitely postponed.

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

### SECOND READING OF SENATE BILLS

S.F. Nos. 167, 487, 769, 656, 666, 1444, 1275, 984, 612 and 576 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 94, 801, 1296, 976 and 566 were read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Bertram moved that the name of Mr. Stevens be added as a co-author to S.F. No. 312. The motion prevailed.

Mr. Hottinger moved that the name of Ms. Ranum be added as a co-author to S.F. No. 1584. The motion prevailed.

Mr. Luther moved that S.F. No. 184 be withdrawn from the Committee on Environment and Natural Resources and re-referred to the Committee on Transportation and Public Transit. The motion prevailed.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Hottinger, Betzold, Sams and Riveness introduced—

S.F. No. 1585: A bill for an act relating to state government; revising procedures governing state contracts for professional, technical, and consultant services; limiting uses of funds saved from leaving positions vacant; limiting funds spent on certain contracts; amending Minnesota Statutes 1992, section 16B.17, by adding a subdivision.

Referred to the Committee on Governmental Operations and Reform.

Messrs. Sams, Morse, Stevens and Vickerman introduced—

S.F. No. 1586: A bill for an act relating to agricultural promotion; transferring agricultural marketing and promotion duties from the department of trade and economic development to the department of agriculture; appropriating money; amending Minnesota Statutes 1992, section 17.03, subdivision 6; repealing Minnesota Statutes 1992, section 116J.966, subdivision 2.

Referred to the Committee on Governmental Operations and Reform.

Ms. Ranum, Mr. Janezich, Ms. Hanson, Messrs. Terwilliger and Beckman introduced—

S.F. No. 1587: A bill for an act relating to education; guaranteeing special education services to eligible infants and toddlers; providing services to other eligible children; amending Minnesota Statutes 1992, section 120.17, subdivisions 11b, 12, 14, 15, and by adding subdivisions.

Referred to the Committee on Education.

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

S.F. No. 1588: A bill for an act relating to capital improvements; appropriating money for the Agassiz environmental learning center in Polk county; authorizing the sale of state bonds.

Referred to the Committee on Environment and Natural Resources.

Mses. Wiener and Anderson introduced—

S.F. No. 1589: A bill for an act relating to insurance; regulating the health coverage reinsurance association; amending Minnesota Statutes 1992, sections 62L.02, by adding a subdivision; 62L.13, subdivisions 1, 3, and 4; 62L.14, subdivisions 2, 4, 6, and 7; 62L.15, subdivision 2; 62L.16, subdivision 5, and by adding a subdivision; 62L.19; and 62L.20, subdivision 1.

Referred to the Committee on Commerce and Consumer Protection.

Messrs. Chmielewski, Solon and Larson introduced—

S.F. No. 1590: A bill for an act relating to taxation; repealing the hospital and health care provider gross revenues taxes; repealing the gross premiums taxes on health maintenance organizations and nonprofit health service corporations; repealing the health care access fund and providing for payment from the general fund; amending Minnesota Statutes 1992, sections 60A.15, subdivision 1; 62C.01, subdivision 3; 62E.11, subdivision 12; 62J.07, subdivision 4; 214.16, subdivision 3; and 256.9352, subdivision 3; repealing Minnesota Statutes 1992, sections 16A.724; 144.1484, subdivision 2; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.57; 295.58; 295.59; and Laws 1992, chapter 549, article 9, sections 17, 18, 19, 20, and 21.

Referred to the Committee on Health Care.

Messrs. Belanger; Johnson, D.E.; Benson, D.D.; Ms. Olson and Mrs. Pariseau introduced—

S.F. No. 1591: A bill for an act relating to taxation; providing general property tax limitations for taxes payable in 1994; proposing coding for new law in Minnesota Statutes, chapter 275.

Referred to the Committee on Taxes and Tax Laws.

Mr. Mondale introduced—

S.F. No. 1592: A bill for an act relating to railroads; prohibiting trains failing to meet federal noise regulations from movement at night in cities and towns; imposing a penalty; amending Minnesota Statutes 1992, sections 218.041, subdivision 2; and 219.97, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 219.

Referred to the Committee on Transportation and Public Transit.

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

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 860, 439, 773, 391, 900, 938 and 29. The motion prevailed.

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

S.F. No. 545: A bill for an act relating to retirement; expanding coordinated plan survivor coverage benefits for certain public employees and teachers; amending Minnesota Statutes 1992, sections 352.01, by adding a subdivision; 352.12, subdivision 2, and by adding subdivisions; 353.01, subdivision 15, and by adding a subdivision; 353.32, subdivision 1a, and by adding subdivisions; 354.05, subdivision 8, and by adding a subdivision; 354.46, subdivisions 2, 5, and by adding subdivisions; 354A.011, by adding a subdivision; and 354A.35, subdivision 2, and by adding subdivisions.

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 352.01, is amended by adding a subdivision to read:

*Subd. 26. [DEPENDENT CHILD.] “Dependent child” means a biological or adopted child of a deceased employee who has not reached the age of 20 and is dependent upon the employee for more than one-half of the child’s support at the time of the employee’s death. It also means a child of the member conceived during the member’s lifetime and born after the member’s death.*

Sec. 2. Minnesota Statutes 1992, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] (a) If an employee or former employee is at least 50 years old and has credit for at least three years allowable service or who has credit for at least 30 years of allowable service, regardless of age, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest provided in under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death.

(b) If the employee was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employees's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employees's death. The annuity must be computed as provided in under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of the deceased spouse as specified in subdivision 1.

Any employee may request in writing that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

Sec. 3. Minnesota Statutes 1992, section 352.12, is amended by adding a subdivision to read:

Subd. 2a. [SURVIVING SPOUSE COVERAGE TERM CERTAIN.] Instead of the 100 percent optional annuity under subdivision 2 or refund under subdivision 1, the surviving spouse of a deceased employee may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but

monthly payments may not exceed 75 percent of the average high-five monthly salary of the deceased employee. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 4. Minnesota Statutes 1992, section 352.12, is amended by adding a subdivision to read:

*Subd. 2b. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 352.01, subdivision 26, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the employee and age of the dependent child at the date of the employee's death instead of the age of the surviving spouse. If there is more than one dependent child, each dependent child must receive a proportionate share of the actuarial value of the employee's account.*

Sec. 5. Minnesota Statutes 1992, section 353.01, subdivision 15, is amended to read:

*Subd. 15. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under sections 353.31, subdivision 1, and 353.657, subdivision 3, "dependent child" means a ~~natural~~ biological or adopted child of a deceased member who is unmarried, and under the age of 18, or age 18 to 23, so long as the child submits evidence of full-time enrollment in an accredited educational institution. "Dependent child" also includes a child of the member conceived during the member's lifetime and born after the member's death. It also means a dependent child who is the subject of adoption proceedings filed by a member, and who within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased member; subject, however, to the qualifying conditions of age and dependency under this subdivision. The dependency of the child dates from the decree of adoption. "Dependent child" also includes a child age 18 to 23 who had submitted evidence of full-time enrollment in an accredited educational institution but was determined to be medically unable to continue school on a full-time basis. The board of trustees shall adopt written procedures to make determinations regarding eligibility based on a student being medically unable to continue school, and may not continue a benefit for medical reasons for a period greater than one year.*

Sec. 6. Minnesota Statutes 1992, section 353.01, is amended by adding a subdivision to read:

*Subd. 15a. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under section 353.32, subdivision 1c, "dependent child" means a biological or adopted child of a deceased member who has not reached the age of 20 and is dependent for more than one-half of support upon the member. It also includes any child of the member conceived during the member's lifetime and born after the member's death.*

Sec. 7. Minnesota Statutes 1992, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] (a) If a member or former member who has attained at least age 50 and has credit for not less than three years of allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to the 100 percent joint and survivor annuity that the member could have qualified for had the member terminated service on the date of death.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and surviving spouse at the time of the member's death. The annuity is payable using the full early retirement reduction under section 353.30, subdivision 1, 1b, 1c, or 5, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse optional annuity despite the terms of a marriage dissolution decree filed with the association.

The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death. The annuity must be computed under sections 353.29, subdivisions 2 and 3; 353.30, subdivisions 1, 1a, 1b, 1c, and 5; and 353.31, subdivision 3.

Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. No payment may accrue beyond the end of the month in which entitlement to the annuity has terminated or upon expiration of the term certain benefit payment under subdivision 1b. An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the

surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member as specified in subdivision 1.

A member may specify in writing that this subdivision does not apply and that payment may be made only to the designated beneficiary as otherwise provided by this chapter.

Sec. 8. Minnesota Statutes 1992, section 353.32, is amended by adding a subdivision to read:

*Subd. 1b. [SURVIVOR COVERAGE TERM CERTAIN.] Instead of the 100 percent optional annuity under subdivision 1a or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage for a term certain of five, ten, 15, or 20 years, but monthly payments may not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.*

*If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.*

Sec. 9. Minnesota Statutes 1992, section 353.32, is amended by adding a subdivision to read:

*Subd. 1c. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 1a, a dependent child or children as defined in section 353.01, subdivision 15a, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of the member's death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 1a using the age of the member and age of the dependent child at the date of the member's death instead of the age of the surviving spouse. If there is more than one dependent child, each dependent child must receive a proportionate share of the actuarial value of the employee's account.*

Sec. 10. Minnesota Statutes 1992, section 354.05, subdivision 8, is amended to read:

*Subd. 8. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under section 354.46, subdivision 1, "dependent child" means any natural biological or adopted child of a deceased member who has not reached the age of 18, or who is under age 22 and is a full time full-time student throughout the normal school year, unmarried and dependent for more than one-half of support upon such the member and for a period of at least 90 days prior to the member's death. It also includes any child of the member conceived while living and born after death.*

Sec. 11. Minnesota Statutes 1992, section 354.05, is amended by adding a subdivision to read:

*Subd. 8a. [DEPENDENT CHILD.] For the purpose of survivor benefit eligibility under section 354.46, subdivision 2b, "dependent child" means a*

*biological or adopted child of a deceased member who has not reached the age of 20 and is dependent for more than one-half of support upon the member. It also includes any child of the member conceived during the members's lifetime and born after the member's death.*

Sec. 12. Minnesota Statutes 1992, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] (a) *The surviving spouse of any member or former member who has attained the age of at least 50 years and has credit for at least three years of allowable service or who has credit for at least 30 years of allowable service irrespective of age is entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to under subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to under section 354.47, subdivision 1, the surviving spouse is entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to specified under section 354.45, based on the age of the member and surviving spouse at the time of death of the member, and computed pursuant to under section 354.44, subdivision 2, or 6, or 7, whichever is applicable.*

*(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of the member's death. The annuity is payable using the full early retirement reduction under section 354.44, subdivision 6, paragraph (3), clause (ii), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.*

*(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the surviving spouse at the time of the member's death. The annuity is calculated using the full early retirement reduction under section 354.44, subdivision 6, to age 55 and one-half of the early retirement reduction from age 55 to the age the annuity begins. The surviving spouse eligible for a surviving spouse benefit under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity any time after the member's death. This benefit accrues from the day following the date of the member's death but may not begin to accrue more than six months before the date the application is filed with the executive director. Sections 354.44 354.55, subdivision 6 11, and 354.60 apply to a deferred annuity payable under this section. The benefit is payable for life.*

Sec. 13. Minnesota Statutes 1992, section 354.46, is amended by adding a subdivision to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] *Instead of the 100 percent optional annuity under subdivision 2 or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect*

to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain payment and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 14. Minnesota Statutes 1992, section 354.46, is amended by adding a subdivision to read:

*Subd. 2b. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 354.05, subdivision 8a, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of the member's death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the member and age of the dependent child at the date of the member's death instead of the age of the member and the spouse. If there is more than one dependent child, each dependent child must receive a proportionate share of the actuarial value of the member's account.*

Sec. 15. Minnesota Statutes 1992, section 354.46, subdivision 5, is amended to read:

*Subd. 5. [PAYMENT TO DESIGNATED BENEFICIARY.] Any A member and the spouse of the member may make a joint specification in writing on a form prescribed by the executive director that the benefits provided in subdivision 2, or in section 354.47, subdivision 1, shall may be paid only to a designated beneficiary. For purposes of this subdivision, a designated beneficiary may only be either a former spouse or a child, either natural biological or adopted, of the member, but more than one beneficiary may be designated for the benefit provided in section 354.47, subdivision 1.*

Sec. 16. Minnesota Statutes 1992, section 354A.011, is amended by adding a subdivision to read:

*Subd. 12a. [DEPENDENT CHILD.] "Dependent child" means a biological or adopted child of a deceased member who has not reached the age of 20 and is dependent on the member for more than one-half of the child's support at the time of the member's death. It also means a child of the member conceived during the member's lifetime and born after the member's death.*

Sec. 17. Minnesota Statutes 1992, section 354A.35, subdivision 2, is amended to read:

*Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] (a) The surviving spouse of any a coordinated member who has attained the age of at least 50 years and has credit for at least three years of service or has credit for at least 30 years of service regardless of age shall be entitled to joint and survivor annuity coverage in the event of death of the member and dies prior to retirement may*

elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity as provided in under section 354A.32 and computed pursuant to under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of the employee's or former employee's death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the member was under age 55 and has credit for at least three years of allowable service on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of the member's death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits shall be payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

Sec. 18. Minnesota Statutes 1992, section 354A.35, is amended by adding a subdivision to read:

*Subd. 2b. [SURVIVOR COVERAGE TERM CERTAIN.] Instead of the 100 percent optional annuity under subdivision 2, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments may not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.*

*If a surviving spouse elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.*

Sec. 19. Minnesota Statutes 1992, section 354A.35, is amended by adding a subdivision to read:

*Subd. 2c. [DEPENDENT CHILD SURVIVOR COVERAGE.] If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 354A.011, subdivision 12a, is eligible for monthly payments. Payments to a dependent child must be paid from the date*

*of the member's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of the member's death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the member and age of the dependent child at the date of the member's death. If there is more than one dependent child, each dependent child must receive a proportionate share of the actuarial value of the employee's account.*

Sec. 20. [EFFECTIVE DATE.]

*Sections 1 to 19 are effective July 1, 1993."*

Delete the title and insert:

"A bill for an act relating to retirement; expanding coordinated plan survivor coverage benefits for certain public employees and teachers; amending Minnesota Statutes 1992, sections 352.01, by adding a subdivision; 352.12, subdivision 2, and by adding subdivisions; 353.01, subdivision 15, and by adding a subdivision; 353.32, subdivision 1a, and by adding subdivisions; 354.05, subdivision 8, and by adding a subdivision; 354.46, subdivisions 2, 5, and by adding subdivisions; 354A.011, by adding a subdivision; and 354A.35, subdivision 2, and by adding subdivisions."

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

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

S.F. No. 860: A bill for an act relating to retirement; providing coverage for unclassified managerial employees in temporary, acting, or interim positions; providing default plan for employee selection; providing one-time vesting change for state university employee; providing for retroactive effect of 1990 law; adding conforming language to clarify eligibility between plans; relating to the individual retirement account plan; providing new eligibility period; providing for refunding of amounts forfeited; providing coverage for certain part-time employees; providing for repayment of missed contributions; providing for administrative expenses; providing for contributions during period of sabbatical leave; relating to the supplemental retirement plan; providing conforming language for previous oversight of eligible members; relating to retirement plan for technical college employees; providing investment option under individual retirement account plan; relating to marriage dissolutions; providing alternate method of retirement asset distribution for individual retirement account plan; amending Minnesota Statutes 1992, sections 352D.02, subdivision 1a, and by adding a subdivision; 354.05, subdivision 2a; 354B.01, subdivision 1, and by adding a subdivision; 354B.015; 354B.02, subdivisions 1, 2, 3a, and by adding a subdivision; 354B.04, by adding a subdivision; 354B.05, subdivision 1, and by adding a subdivision; 356.24, subdivision 1; and 518.58, subdivision 4; Laws 1990, chapter 570, article 10, section 7; proposing coding for new law in Minnesota Statutes, chapter 354B; repealing Minnesota Statutes 1992, section 354B.02, subdivision 3.

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

Page 1, after line 36, insert:

“Section 1. Minnesota Statutes 1992, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (b), if they are in the unclassified service of the state and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Enumerated employees are:

(1) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general, or an employee of the state board of investment;

(2) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4;

(3) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(4) a person other than an employee of the state board of technical colleges who is employed in a position established under section 43A.08, subdivision 1, clause (3), or subdivision 1a, or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(5) the chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(7) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(9) an employee whose principal employment is at the state ceremonial house;

(10) an employee of the Minnesota educational computing corporation;

(11) an employee of the world trade center board;

(12) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3; and

(13) an employee of the state board of technical colleges employed in a position established under section 43A.08, subdivision 1, clause (3), or 1a, unless the person has elected coverage by the individual retirement account plan under chapter 354B; and

(14) an employee of the higher education board in a position established under section 136E.04, subdivision 2, unless the person has elected coverage by the individual retirement account plan under chapter 354B."

Page 1, line 39, strike "UNIVERSITY" and insert "*HIGHER EDUCATION*"

Page 2, line 1, delete "*this*"

Page 2, line 2, strike "plan" and before the first comma, insert "*the retirement program governed by this chapter*"

Page 2, line 4, after "system" insert "*, the higher education board, the higher education coordinating board, and the technical college system chancellor's office*"

Page 2, line 13, after "*the*" insert "*general*" and delete "*fund*" and insert "*plan of the Minnesota state retirement system*"

Page 2, delete line 14 and insert "*teachers retirement association, or other Minnesota public employee retirement plan governed by section 356.30, whichever applies, during*"

Page 2, line 16, after "plan" insert "*governed by this chapter*"

Page 2, delete section 2 and insert:

"Sec. 3. Minnesota Statutes 1992, section 354B.01, is amended by adding a subdivision to read:

*Subd. 6. [COVERED EMPLOYMENT; HIGHER EDUCATION BOARD MANAGERIAL EMPLOYEES.] "Covered employment," with respect to employment by the higher education board, means employment in a position described in section 352D.02, subdivision 1, paragraph (b), clause (14)."*

Page 3, line 14, delete "*state*" and insert "*Minnesota public employee*" and after "*plan*" insert "*governed by section 356.30, whichever applies*"

Page 3, line 18, after "*or*" insert "*the*" and delete "*state*" and insert "*Minnesota public employee*"

Page 3, line 19, delete "Should" and insert "If the"

Page 3, line 20, delete "become" and insert "becomes" and after "permanent" insert a comma and delete "shall be" and insert "has"

Page 3, line 21, delete "given"

Page 3, line 26, reinstate the stricken language

Page 3, line 27, reinstate the stricken "otherwise be covered by section 352D.02, subdivision 1a,"

Page 3, line 28, delete "will be" and insert "are"

Page 3, line 36, delete "will participate" and insert "is a participant"

Page 4, line 1, delete "accountant" and insert "account"

Page 4, line 2, delete "shall be" and insert "is"

Page 4, lines 15 and 16, delete "executive director" and insert "individual retirement account plan administrator"

Page 4, line 17, delete "employer and" and after "employee" insert "and matching employer" and after "contributions" insert "to the credit of the person in the teachers retirement association,"

Page 4, line 18, after "percent" insert "compound annual" and after "interest" insert "from the date that each contribution was made until the date that the transfer is made"

Pages 4 and 5, delete sections 5 and 6 and insert:

"Sec. 6. Minnesota Statutes 1992, section 354B.02, is amended by adding a subdivision to read:

*Subd. 3c. [HIGHER EDUCATION BOARD EMPLOYEES.] Employees in covered employment under section 354B.01, subdivision 6, may elect coverage under the plan. Election to participate in the plan must be made by December 31, 1993, or within 120 days of the start of covered employment, whichever is later, and is irrevocable during any period of covered employment in a position listed in section 352D.02, subdivision 1, paragraph (b), clause (14), which is established by the higher education board or the higher education facilities authority. These employees are not eligible for the supplemental retirement plan specified in sections 354B.07 to 354B.09."*

Page 5, line 7, delete "1, 3, 4, 5, and 6" and insert "2, 4, and 5"

Page 5, delete line 8

Renumber the sections of article I in sequence

Pages 5 and 6, delete sections 1 and 2

Page 6, line 12, delete "MISSED" and insert "OMITTED" and after "(a)" insert "Except as provided in paragraph (b)."

Page 6, lines 15 and 16, delete "within 60 days of the date the deduction should have been made" and insert "in a timely fashion"

Page 6, line 18, delete "the boards fail" and insert "a board fails"

Page 6, line 19, after "date" insert "on which"

Page 6, line 20, delete "boards" and insert "board"

Page 6, line 22, delete everything after the period

Page 6, line 23, delete everything before "an" and insert "If" and after "deduction" insert "is"

Page 6, line 24, delete "be"

Page 7, line 11, after "rate" insert "specified"

Page 7, line 19, after "payment" insert "under this subdivision"

Page 7, line 20, after "the" insert "date on which the" and after "contribution" insert "was made"

Page 7, line 28, before "Plans" insert "(a)"

Page 8, line 3, after the period, insert:

“(b)”

Page 8, line 4, delete "shall" and insert "must"

Page 8, line 7, after "Participants" insert "in the individual retirement account plans under Minnesota Statutes, chapter 354B," and after "service" insert "credited by the teachers retirement association"

Page 8, line 9, after the first "the" insert "matching"

Page 8, line 10, delete "this" and insert "that coverage"

Page 8, line 11, before "employer" insert "matching" and after "percent" insert "annual compound" and after "interest" insert "from the date that each contribution was made until the date that the restoration is made,"

Page 8, line 13, delete "shall" and insert "must" and after the first "the" insert "individual retirement account" and after the second "the" insert "executive director of the teachers retirement"

Page 8, line 15, delete "shall" and insert "must"

Page 8, line 21, delete "7" and insert "5"

Renumber the sections of article 2 in sequence

Page 9, line 21, reinstate the stricken "to" and delete "for"

Pages 10 to 12, delete article 4

Page 12, line 19, delete "5" and insert "4"

Page 13, line 10, delete "pursuant to" and insert "under" and after "document" insert "if published and made generally available,"

Page 13, line 11, after the first "alternative" insert "marital property" and after "distribution" insert "of individual retirement account plan assets" and after "If" insert "an" and delete "language" and insert "division or distribution procedure"

Page 13, line 12, delete "shall prevail over" and insert "applies in place of"

Page 13, after line 14, insert:

## "ARTICLE 5

## INDIVIDUAL RETIREMENT ACCOUNT PLAN ADMINISTRATION

Section 1. Minnesota Statutes 1992, section 354B.05, is amended to read:  
354B.05 [ADMINISTRATION.]

Subdivision 1. [GOVERNING BOARDS.] The state university board shall administer the plan for persons in covered employment under section 354B.01, subdivisions 2, 4, and 5. The community college board shall administer the plan for persons in covered employment under section 354B.01, subdivision 3.

Subd. 2. [PURCHASE OF CONTRACTS.] The state university board and the community college board shall arrange for the purchase of annuity contracts, fixed, variable, or a combination of fixed and variable, or custodial accounts from financial institutions selected by the state board of investment under subdivision 3, to provide retirement and death benefits to members of the plan. The contracts or accounts must be purchased with contributions under section 354B.04 or money or assets otherwise provided by law or by authority of the state university board or community college board and acceptable by the financial institutions from which the contracts or accounts are purchased.

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The supplemental investment fund administered by the state board of investment is one of the investment options for the plan. The state university board and the community college board shall of investment may select no more than two other financial institutions to provide annuity contracts or custodial accounts products. Each board may at its discretion change a selection of an institution. Investment programs offered by the institutions must meet the requirements of section 401(a) or 403(b) of the Internal Revenue Code of 1986, as amended. In making their selections, the boards shall consider these criteria:

- (1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;
- (2) the relationship of the benefits to their cost; and
- (3) the financial strength and stability of the institution.

*The state board of investment must periodically review at least every three years each financial institution selected by the state board of investment. The state board of investment may retain consulting services to assist in the periodic review, may establish a budget for its costs in the periodic review process, and may charge a proportional share of those costs to each financial institution selected by the state board of investment. All reimbursements collected under this subdivision are appropriated to the state board of investment to pay expenses related to this process. All contracts must be approved by the state board of investment before execution by the state university board and the community college board. The state board of investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out this subdivision.*

The chancellor of the state university system and the chancellor of the state community college system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental

investment fund, except that shares in the fixed interest account must not be redeemed until the expiration dates for the guaranteed investment contracts. The chancellors shall transfer the cash realized to the financial institutions selected by the state university board and the community college board under section 354B.05.

Subd. 4. [BENEFITS OWNED BY MEMBERS.] The retirement and death benefits provided by the annuity contracts or custodial accounts are owned by the trust and must be paid in accordance with the provisions of the plan document.

## Sec. 2. [REVIEWS.]

*The state board of investment is responsible for periodic review of each financial institution under the provisions of section 1 as of the effective date of this article. Initial reviews must be with those financial institutions under contract with the state university board and community college board on the effective date of this article. As provided in section 1, the state board of investment may retain consulting services, establish a budget for its costs, charge a proportional share of those costs to those financial institutions, and have all reimbursements collected appropriated to it.*

## Sec. 3. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 5, delete "providing one time vesting"

Page 1, delete line 6

Page 1, line 7, delete "retroactive effect of 1990 law;"

Page 1, line 10, delete "providing new eligibility period;"

Page 1, line 11, delete "providing coverage for"

Page 1, line 12, delete "certain part-time employees;"

Page 1, line 17, delete "relating to"

Page 1, delete lines 18 and 19

Page 1, line 20, delete "retirement account plan;"

Page 1, line 23, after the semicolon, insert "transferring responsibility for the investment of individual retirement account plan assets to the state board of investment;"

Page 1, line 24, delete the first "subdivision" and insert "subdivisions 1 and" and delete ", and by adding a subdivision"

Page 1, line 25, delete "354.05, subdivision 2a;" and delete "subdivision 1, and"

Page 1, line 26, delete "354B.015;"

Page 1, line 27, delete "2,"

Page 1, line 28, delete everything after "354B.05"

Page 1, line 29, delete everything before the first semicolon

Page 1, line 30, delete everything after the semicolon

Page 1, line 31, delete "10, section 7;"

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 re-referred

S.F. No. 439: A bill for an act relating to economic and social development; establishing a board of invention; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Page 3, delete section 5 and insert:

"Sec. 5. [REPEALER.]

*Sections 1 to 4 expire June 30, 1995."*

Amend the title as follows:

Page 1, lines 3 and 4, delete "appropriating money;"

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 re-referred

S.F. No. 1062: A bill for an act relating to metropolitan government; establishing a metropolitan radio systems planning committee under the metropolitan council.

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

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1992, section 462.357, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] At any time after the adoption of a land use plan for the municipality, the planning agency, for the purpose of carrying out the policies and goals of the land use plan, may prepare a proposed zoning ordinance and submit it to the governing body with its recommendations for adoption. Subject to the requirements of subdivisions 3, 4 and 5, the governing body may adopt and amend a zoning ordinance by a two-thirds vote of all its members. ~~If the comprehensive municipal plan is in conflict with the zoning ordinance, the zoning ordinance supersedes the plan.~~ *Zoning ordinances and subdivision regulations adopted under this chapter must implement the purpose, objectives, and policies of the comprehensive plan. Zoning ordinances and subdivision regulations may not allow land use*

*and development that will effectively prevent the planned land use as designated within specific areas in the comprehensive plan. The determination of the timing of the implementation of the comprehensive plan must be at the sole discretion of the governing body.*

Sec. 2. Minnesota Statutes 1992, section 473.858, subdivision 1, is amended to read:

Subdivision 1. Within three years following the receipt of the metropolitan system statement, every local governmental unit shall have prepared a comprehensive plan in accordance with sections 462.355, subdivision 4, 473.175, and 473.851 to 473.871 and the applicable planning statute and shall have submitted the plan to the metropolitan council for review pursuant to under section 473.175. ~~The provisions of Sections 462.355, subdivision 4, 473.175, and 473.851 to 473.871 shall supersede the provisions of the applicable planning statute wherever a conflict may exist. If the comprehensive municipal plan is in conflict with the zoning ordinance, the zoning ordinance supersedes the plan.~~

Sec. 3. Minnesota Statutes 1992, section 473.865, subdivision 1, is amended to read:

Subdivision 1. Each local governmental unit shall adopt official controls as described in its adopted comprehensive plan and shall submit copies of the official controls to the council within 30 days following their adoption thereof, for information purposes only. *The official controls adopted must implement the purpose, objectives, and policies of the comprehensive plan. Zoning ordinances and subdivision regulations may not allow land use and development that will effectively prevent the planned land use as designated within specific areas of the comprehensive plan. The determination of the timing of the implementation of the comprehensive plan must be at the sole discretion of the governing body. This subdivision does not limit the applicability of the requirements in subdivision 3.*

Page 1, lines 7 and 8, delete "1 to 7" and insert "4 to 9"

Page 1, line 19, delete everything after "area"

Page 1, line 20, delete everything before the period and insert "defined in Minnesota Statutes, section 473.121, subdivision 2"

Page 2, line 2, delete "shall" and insert "consists"

Page 2, line 3, delete "consist" and delete "shall" and insert "must"

Page 2, lines 5, 8, 12, 14, 15, 17, 19, 21, 23, 25, and 28, delete "shall" and insert "must"

Page 3, line 33, delete ". This"

Page 3, delete lines 34 and 35

Page 3, line 36, delete everything before the semicolon

Page 4, after line 3, insert:

*"The analysis required by clause (6) must include, at a minimum, obtaining responses to "requests for information" for budgetary cost estimates for the options from at least two private vendors."*

Page 4, line 8, delete “, and which” and insert “. The” and delete “shall” and insert “must”

Page 4, lines 14 and 20, delete “shall” and insert “must”

Page 4, line 24, delete “must” and insert “shall”

Page 4, line 35, delete “continue to” and insert “not” and after “borrow” insert “more than \$200,000”

Page 5, line 3, delete “metropolitan area” and insert “counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, before the semicolon, insert “and urban planning” and after the semicolon, insert “clarifying the applicability of comprehensive plans that conflict with official controls;”

Page 1, line 4, before the period, insert “; amending Minnesota Statutes 1992, sections 462.357, subdivision 2; 473.858, subdivision 1; and 473.865, subdivision 1”

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. 86: A bill for an act relating to retirement; authorizing a benefit increase for certain retired police officers, firefighters, and surviving spouses in the city of Eveleth.

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

Page 1, after line 5, insert:

“Section 1. Laws 1977, chapter 61, section 6, as amended by Laws 1981, chapter 68, section 39, is amended to read:

Sec. 6. [FINANCIAL REQUIREMENTS OF THE TRUST FUND.]

Commencing January 1, 1978, the city of Eveleth shall provide by annual levy an amount sufficient to pay the greater of either (a) an amount which when added to the investment income of the trust fund is sufficient to pay the benefits provided under the trust fund for the succeeding year as certified by the board of trustees of the trust fund; or (b) an amount equal to the level annual dollar amount sufficient to amortize the unfunded *actuarial* accrued liability of the trust fund by December 31, ~~1994~~ 1998, as determined by a *qualified actuary* in accordance with Minnesota Statutes, Sections 69.77, 356.215 and 356.216; ~~in the latest actuarial valuation.~~ *The city of Eveleth may, at its cost, utilize the services of the actuary retained by the legislative commission on pensions and retirement to determine the trust unfunded actuarial accrued liability and amortization requirement.*

The annual levy under this section shall not be included in any limitation as to rate or amount set by charter and shall be a special levy for purposes of

Minnesota Statutes, Section 275.50, Subdivision 5. All revenues generated by the levy required under this section shall be transferred to the trust fund."

Page 1, line 15, delete "*Section 1 is*" and insert "*Sections 1 and 2 are*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before the period, insert "; amending Laws 1977, chapter 61, section 6, as amended"

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. 587: A bill for an act relating to volunteer firefighter relief associations; modifying the corporate registration requirement for relief associations complying with fire state aid financial reporting requirements; amending Minnesota Statutes 1992, sections 69.051, by adding a subdivision; and 317A.823, subdivision 1.

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

Page 1, line 15, after the period, insert "*The information provided must also include, for each volunteer firefighter relief association, the office address and the name of the person functioning as president.*"

Page 2, delete lines 21 and 22 and insert "*presentation of the corporate registration. The secretary of state may reject the registration by the volunteer firefighter relief association. Rejection must occur if the information provided to the state auditor does not match the information in the records of the secretary of state. The volunteer firefighter relief association may amend the articles of incorporation as provided in sections 317A.131 to 317A.151 so that the information from the state auditor may be accepted for filing. The timely filing of an annual financial report and audit or an annual financial statement under section 69.051, subdivision 1 or 1a, does not relieve the volunteer firefighter relief association of the requirement to file amendments to the articles of incorporation directly with the secretary of state.*"

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. 853: A bill for an act relating to retirement; volunteer firefighters' relief associations; increasing service pension maximums; establishing a fire state aid maximum apportionment; providing penalties for noncompliance with service pension maximums; specifying duties for the state auditor; ratifying certain prior nonconforming lump sum service pension payments; continuing certain nonconforming lump sum service pension amounts in force; modifying certain investment performance calculations; modifying certain local volunteer firefighters relief association provisions; amending Minnesota Statutes 1992, sections 11A.04; 356.218, subdivisions 2 and 3;

424A.001, by adding subdivisions; 424A.01, by adding a subdivision; and 424A.02, subdivisions 1, 3, and by adding subdivisions; Laws 1971, chapter 140, section 5, as amended; proposing coding for new law in Minnesota Statutes, chapter 424A.

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

Pages 1 and 2, delete sections 1 to 3

Page 6, line 22, after "firefighter" insert "*for the applicable specified period*"

Page 6, after line 25, insert:

*"(1) for service pensions payable before January 1, 1994"*

Page 8, after line 7, insert:

<i>"1820</i>	<i>3375</i>
<i>any amount more than 1820</i>	<i>3375</i>

*(2) in addition to the service pension maximum under clause (1), for service pensions payable after December 31, 1993, and before January 1, 1995"*

Page 8, after line 9, insert:

<i>"any amount more than 1888</i>	<i>3500</i>
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*(3) in addition to the service pension maximum under clauses (1) and (2), for service pensions payable after December 31, 1994, and before January 1, 1996"*

Page 8, after line 12, insert:

<i>"any amount more than 2023</i>	<i>3750</i>
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*(4) in addition to the service pension maximum under clauses (1) to (3), for service pensions payable after December 31, 1995"*

Page 8, delete lines 34 to 36

Page 9, delete lines 1 to 5 and insert:

*"(g) No relief association is authorized to provide a service pension in an amount greater than \$30 per month per year of service credit or in an amount greater than \$3,375 lump sum per year of service credit before January 1, 1994, \$3,500 lump sum per year of service credit before January 1, 1995, \$3,750 lump sum per year of service credit before January 1, 1996, and \$4,000 lump sum per year of service credit after December 31, 1995, even if the minimum average amount of available financing per firefighter for a relief association providing a monthly benefit service pension is greater than \$2,240, or, for a relief association providing a lump sum service pension, is greater than \$1,753 before January 1, 1994, \$1,888 before January 1, 1995, \$2,023 before January 1, 1996, or \$2,158 after December 31, 1995."*

Page 10, delete section 7

Page 11, line 9, delete "8" and insert "4"

Renumber the sections of article 1 in sequence

Amend the title as follows:

Page 1, line 14, delete "424A.001, by adding"

Page 1, line 15, delete everything before "and"

Page 1, line 18, delete everything after "amended"

Page 1, line 19, delete "Statutes, chapter 424A"

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. 625: A bill for an act relating to retirement; first class city teachers; annuities and administration; St. Paul teachers postretirement adjustments; administrative expenses; amending Minnesota Statutes 1992, sections 354A.011, subdivision 27; 354A.021, subdivision 5, and by adding a subdivision; 354A.12, subdivisions 1, 1a, 2a, 2b, and by adding a subdivision; 354A.23, subdivision 3; and 354A.31, by adding subdivisions.

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

Page 2, line 34, delete "*and employer*"

Page 2, line 35, after "*contributions*" insert "*, and employer contributions if negotiated under a collective bargaining agreement,*"

Page 3, line 22, delete "*in the*"

Page 3, delete line 23 and insert "*and must be remitted directly to the respective teachers retirement fund association at least once each month.*"

Page 4, line 3, strike everything after the second comma

Page 4, strike lines 4 and 5

Page 4, line 6, strike everything before the period and insert "*stated as a monthly rate from the date due until the date payment is received in the office of the association, with a minimum interest charge of \$10*"

Page 6, line 1, delete the new language

Page 6, lines 4 to 15, delete the new language and insert "*Delinquent amounts are payable with interest under the procedure in subdivision 1a.*"

Page 6, line 35, delete "REPORTING NEW EMPLOYEES" and insert "EMPLOYEE REPORTING"

Page 7, line 1, after "*new*" insert "*or returning*"

Page 7, line 2, delete "*prior to*" and insert "*before*" and delete "*new*"

Page 7, after line 25, insert:

"Sec. 10. [EFFECTIVE DATE.]

*Sections 1 to 9 are effective the day following final enactment."*

Page 7, after line 36, insert:

"Sec. 2. [BYLAW AMENDMENT.]

*Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the boards of the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, and the St. Paul teachers retirement fund association may amend the bylaws or articles of incorporation to provide that, if an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. An annuity may not begin to accrue more than one month before the date of final salary receipt.*

Sec. 3. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment."*

Page 8, delete article 4 and insert:

"Sec. 2. [EFFECTIVE DATE.]

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

#### ARTICLE 4

Section 1. Minnesota Statutes 1992, section 356.215, subdivision 4j, is amended to read:

Subd. 4j. [ADMINISTRATIVE EXPENSES.] The actuarial valuation must indicate the administrative expenses of the fund, expressed both in dollars and as a percentage of covered payroll. *Administrative expenses are costs incurred by the retirement plans excluding investment expenses. Investment expenses include all expenses incurred for the retention of professional external investment managers and professional investment consultants, custodian bank fees, investment transaction costs, and the costs incurred by the retirement plans to manage investment portfolios or assets internally. Investment expenses must be deducted from investment return in the actuarial valuation, and not included in administrative expenses when calculating the allowance for expenses.*

Sec. 2. [EFFECTIVE DATE.]

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

#### ARTICLE 5

Section 1. Minnesota Statutes 1992, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] The surviving spouse of any coordinated member who ~~has attained the age of at least 50 years and has credit for at least three years of service or has credit for at least 30 years of service regardless of age shall be~~ is entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The member's surviving spouse shall be paid a joint and

survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity payable under this section. The benefits shall be payable for life.

Sec. 2. [EFFECTIVE DATE.]

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

Amend the title as follows:

Page 1, line 3, after "annuities" insert ", death-while-active survivor benefits,"

Page 1, line 6, delete everything after "5"

Page 1, line 7, delete everything before the semicolon

Page 1, line 9, delete "and" and before the period, insert "; 354A.35, subdivision 2; and 356.215, subdivision 4j"

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was re-referred

S.F. No. 23: A bill for an act relating to education; providing for a tuition free technical college program for certain Persian Gulf war era veterans; amending Minnesota Statutes 1992, section 136C.13, subdivision 4.

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

Page 1, line 14, strike "exempt from tuition" and insert "*eligible for a state grant of \$500 per year if the veteran has GI Montgomery bill benefits, or \$1,000 per year if the veteran does not have GI Montgomery bill benefits,*"

Page 1, line 18, after the period, insert "*The grant is based on full-time attendance and shall be prorated if the veteran is attending less than full time.*" and delete "exemption" and insert "relief"

Page 2, line 3, strike "after" and before "August" insert "*any time between*" and before "and" insert "*and February 27, 1992,*"

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 818: A bill for an act relating to education; post-secondary; prescribing changes in eligibility and in duties and responsibilities regarding certain financial assistance programs; amending Minnesota Statutes 1992, sections 136A.101, subdivision 7; 136A.121, subdivision 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.15, subdivision 6; 136A.1701, subdivision 4; and 136A.233, subdivisions 2 and 3; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 17; and 136A.134.

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

Page 3, line 29, after the first comma, insert "*is approved by the United States Secretary of Education,*"

Page 4, line 2, reinstate the stricken language

Page 4, delete lines 3 to 9 and insert "student for a single academic year ~~may shall~~ not exceed ~~\$4,000~~ \$6,000. The aggregate principal amount of all loans made under this section to an undergraduate student ~~may shall~~ not exceed ~~\$16,000~~ \$25,000. The principal amount of a loan to a graduate student for a single academic year shall not exceed ~~\$6,000~~ \$9,000. The aggregate principal amount of all loans made under this section to a student as a graduate student shall not exceed ~~\$25,000~~ \$40,000."

Page 5, line 35, delete "*sections*" and insert "*section*" and delete the semicolon and insert a comma

Page 5, line 36, delete "*and 136A.134, are*" and insert "*is*"

Amend the title as follows:

Page 1, line 10, delete "*sections*" and insert "*section*"

Page 1, line 11, delete "*; and 136A.134*"

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred.

S.F. No. 349: A bill for an act relating to education; updating the name of the umbrella student association for technical colleges; amending Minnesota Statutes 1992, section 136C.15.

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred.

S.F. No. 509: A bill for an act relating to education; revising the mailing requirement for notices of referendum revenue authorization elections; amending Minnesota Statutes 1992, section 124A.03, subdivision 2.

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred.

S.F. No. 1431: A bill for an act relating to education; providing for school district elections in independent school district Nos. 404, 408, and 583.

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

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

S.F. No. 773: A bill for an act relating to transportation; allocating funding for town bridges replaced by culverts when replacement does not exceed \$20,000; amending Minnesota Statutes 1992, section 161.082, subdivision 2a.

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 161.082, subdivision 2a, is amended to read:

Subd. 2a. [TOWN BRIDGES AND CULVERTS; TOWN ROAD ACCOUNT.] An amount equal to 25 percent of the county turnback account must be expended, within counties having two or more towns, on town road bridge structures that are ten feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds. In addition, if a culvert that replaces a deficient bridge is in a county comprehensive water plan approved by the board of water and soil resources and the department of natural resources, the costs of the culvert and roadway grading other than surfacing are eligible for replacement funds up to the cost of constructing a replacement bridge. The expenditures on bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of a bridge structure or culvert may be paid from the county turnback account. When bridge approach construction work exceeds \$10,000 in costs, or when the county engineer determines that the cost of the replacement culverts alone will not exceed \$20,000, the town shall be eligible for financial assistance from the town bridge account. Financial assistance shall be limited to 90 percent of the cost of the bridge approach work that is in excess of \$10,000 and shall be requested by resolution of the county board and shall be limited to:

(1) 100 percent of the cost of the bridge approach work that is in excess of \$10,000; or

(2) 100 percent of the cost of the replacement culverts when the cost does not exceed \$20,000 and the town board agrees to be responsible for all the other costs, which may include costs for structural removal, installation, and permitting. The replacement structure design and costs shall be approved and certified by the county engineer, but need not be subsequently approved by the department of transportation.

An amount equal to 47.5 percent of the county turnback account must be set aside as a town road account and distributed as provided in section 162.081."

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. Vickerman from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 555: A bill for an act relating to veterans; providing for establishment of a veterans home in Fergus Falls; proposing coding for new law in Minnesota Statutes, chapter 198.

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

Mr. Vickerman from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 333: A bill for an act proposing an amendment to the Minnesota Constitution; article XI, section 5; providing for bonuses to veterans serving during the period of the Persian Gulf conflict.

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 391: A bill for an act relating to education; making superintendents and principals at-will positions in school districts; amending Minnesota Statutes 1992, sections 123.34, subdivisions 9 and 10; and 125.12, subdivision 1.

Report 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 123.34, subdivision 9, is amended to read:

Subd. 9. [SUPERINTENDENT.] All districts maintaining a classified secondary school shall employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent shall be vested in the school board in all cases. An individual employed by a school board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A school board, at its discretion, may or may not renew an employment contract. *An employment contract between a superintendent and a school board may not include a provision extending the term of the contract beyond the date specified in the contract or be amended while the contract is in force in a manner that would extend the term of the contract beyond the date specified in the contract. If a contract between a school board and a superintendent is terminated prior to the date specified in the contract, the school board may not enter into another contract with that same individual that has a term that extends beyond the date specified in the terminated contract.* A school board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 125.12, subdivision 6 or 8. A superintendent shall not rely upon an employment contract with a school board to assert any other continuing contract rights in the position of superintendent under section 125.12.

Notwithstanding the provisions of sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more school districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner of education; and

(5) perform other duties prescribed by the board."

Delete the title and insert:

"A bill for an act relating to education; restricting extensions of school superintendents' contracts; amending Minnesota Statutes 1992, section 123.34, subdivision 9."

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. Johnson, D.J. from the Committee on Taxes and Tax Laws, 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; 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.

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

Page 3, line 5, after "*chapter*" insert "*and licensed by the commissioner*"

Page 6, line 29, delete "*plans*" and insert "*carriers*"

Page 9, line 3, delete "*with*" and insert "*in*"

Page 10, line 23, delete "*comprehensive*"

Page 11, line 1, after "*for*" insert "*the*"

Page 11, delete line 2 and insert "*cost of the set of required health services.*"

Page 11, line 21, delete "*comprehensive*" and insert "*appropriate and necessary*"

Page 11, line 23, delete "*section 62N.07*" and insert "*sections 62N.075 to 62N.085*"

Page 11, line 31, delete "*emergency and*"

Page 11, line 32, after "*rules*" insert "*and may adopt emergency rules*"

Page 12, line 5, delete "*emergency and*"

Page 12, line 6, after "*rules*" insert "*and may adopt emergency rules*"

Page 13, line 32, delete everything after "*with*" and insert "*the rules adopted under chapter 62D*"

Page 13, line 33, delete "*to 9505.5260,*"

Page 14, line 10, before "*addresses*" insert "*business*"

Page 14, line 20, before "*address*" insert "*business*"

Page 20, line 20, after "*information*", insert "*on the complainant and on the enrollee whose case is the subject of the complaint*"

Page 23, line 2, delete "*plan*" and insert "*plans*"

Page 23, line 3, delete "*62N.07*" and insert "*62N.085*"

Page 23, line 4, delete "*62N.10*" and insert "*62N.086*"

Page 23, line 7, delete "*and*"

Page 30, line 34, delete "*plans*" and insert "*carriers*"

Page 31, line 14, after the comma, insert "*incentives based on setting and achieving volume targets,*"

Page 34, line 11, delete "*is providing*" and insert "*provides*"

Page 34, line 12, delete "*remains*" and insert "*is*"

Page 34, line 13, delete "*that provider*" and insert "*providers of that type*"

Page 37, line 9, after "*in*" insert "*aggregate*"

Page 40, line 36, delete "*plans*" and insert "*carriers*"

Page 41, line 25, after "*under*" insert "*chapter 13 and*"

Page 47, line 34, delete "*assistance*" and insert "*advice*"

Page 48, line 13, delete the first "*that*" and insert "*the*"

Page 48, line 16, before "*The*" insert "*(a)*"

Page 48, after line 20, insert:

*"(b) The revisor of statutes is directed to change the words 'health care analysis unit' to 'data analysis unit' whenever they appear in the next edition of Minnesota Statutes."*

Page 50, line 31, delete "*16B.24*" and insert "*16B.95*"

Page 50, line 36, delete "*plans*" and insert "*carriers*"

Page 53, line 32, delete "*plans*" and insert "*carriers*"

Page 54, line 21, after "*retrospective*" insert "*and prospective*"

Page 61, line 24, before "*practice*" insert "*pertinent*"

Page 62, after line 1, insert:

*"Sec. 10. Minnesota Statutes 1992, section 169.685, subdivision 5, is amended to read:*

*Subd. 5. [VIOLATION; PENALTY.] (a) Every motor vehicle operator, when transporting a child under the age of four on the streets and highways of this state in a motor vehicle equipped with factory-installed seat belts, shall equip and install for use in the motor vehicle, according to the manufacturer's instructions, a child passenger restraint system meeting federal motor vehicle safety standards.*

*(b) No motor vehicle operator who is operating a motor vehicle on the streets and highways of this state may transport a child under the age of four in a seat of a motor vehicle equipped with a factory-installed seat belt, unless the child is properly fastened in the child passenger restraint system. Any motor vehicle operator who violates this subdivision is guilty of a petty misdemeanor and may be sentenced to pay a fine of not more than \$25 \$50. The fine may be waived or the amount reduced if the motor vehicle operator produces evidence that within 14 days after the date of the violation a child passenger restraint system meeting federal motor vehicle safety standards was purchased or obtained for the exclusive use of the operator.*

*Sec. 11. Minnesota Statutes 1992, section 169.686, subdivision 1, is amended to read:*

Subdivision 1. [SEAT BELT REQUIREMENT.] A properly adjusted and fastened seat belt shall be worn by:

- (1) the driver of a passenger vehicle;
- (2) a passenger riding in the front seat of a passenger vehicle; and
- (3) a passenger riding in any seat of a passenger vehicle who is older than three but younger than 11 years of age.

A person who is 15 years of age or older and who violates clause (1) or, (2), or (3) is subject to a fine of \$25. The driver of the passenger vehicle in which the violation occurred is subject to a \$25 fine for a violation of clause (2) or (3) by a child of the driver under the age of 15 or any child under the age of 11. A peace officer may not issue a citation for a violation of this section unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation other than a violation involving motor vehicle equipment. The department of public safety shall not record a violation of this subdivision on a person's driving record."

Renumber the sections of article 6 in sequence

Page 73, line 20, delete "and supervised"

Page 73, line 21, after "commissioner" insert "and accompanied by such appropriate conditions, supervision, and regulation"

Page 74, line 4, delete everything after the period

Page 74, delete lines 5 to 17

Page 74, line 36, delete "Notwithstanding the"

Page 75, delete lines 1 to 6

Page 75, line 7, delete everything before "Approval"

Page 75, line 9, after "state" insert "and federal"

Page 75, line 11, delete "ATTORNEY GENERAL CANNOT USE" and after "APPLICATION" insert "CANNOT BE USED"

Page 75, line 12, delete "PROSECUTE" and insert "IMPOSE LIABILITY"

Page 75, line 13, delete " , but" and insert a period

Page 75, line 15, delete "to the attorney"

Page 75, line 16, delete "general" and after "any" insert "civil or criminal"

Page 75, line 17, after "general" insert "or any other person" and after "except" insert "(1)"

Page 75, line 20, before the period, insert "; or (2) a proceeding based on actions taken by the applicant prior to submitting the application, where such actions are admitted to in the application"

Page 75, line 32, after "office" insert "of each party"

Page 78, after line 26, insert:

*"Subd. 7. [COMMISSIONER'S AUTHORITY TO EXTEND TIME LIMIT.] Upon the showing of good cause, the commissioner may extend any of the time limits stated in sections 62J.2915 and 62J.2916 at the request of the applicant or another person."*

Page 79, lines 5 and 8, delete "submit" and insert "mail"

Page 79, line 6, after the period, insert *"Within 30 days after the notice is published, the Minnesota health care commission or any regional coordinating board may mail to the commissioner comments with respect to the application."*

Page 79, line 9, after "to" insert "any" and delete "submitting" and insert "mailing"

Page 79, line 10, before "comments" insert "such"

Page 82, line 21, before "In" insert *"The commissioner's analysis of cost 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."*

Page 83, line 16, after "new" insert "and needed"

Page 83, line 22, before the comma, insert *"and bases that determination on a projected increase in utilization"*

Page 83, delete line 24 and insert *"utilization does not reflect overutilization."*

Page 83, delete line 25

Page 83, line 33, delete ", leading" and insert "likely to lead"

Page 85, line 35, delete "active"

Page 87, line 11, delete "active" and insert "appropriate"

Page 110, delete lines 2 to 7 and insert:

*"Sec. 10. Minnesota Statutes 1992, section 256B.057, is amended by adding a subdivision to read:*

*Subd. 1a. [PREMIUMS.] The commissioner shall establish premiums for coverage based on a sliding scale for persons eligible under subdivision 1 and whose countable family income is equal to or greater than 185 percent of the federal poverty guideline for the same family size."*

Page 110, line 10, delete "the premium" and insert "premiums"

Page 110, line 11, delete "5" and insert "10"

Page 110, line 15, delete "6" and insert "11"

Renumber the sections of article 10 in sequence

Page 111, lines 1 and 4, after "local" insert "financial"

Page 118, line 5, after "regents" insert "of the University of Minnesota"

Page 123, line 22, strike "health maintenance organization" and insert "staff model health carrier"

Page 123, line 24, before the period, insert "covered under its contracts with groups and enrollees"

Page 123, line 36, after "services" insert "directly"

Page 124, line 3, delete "service" and insert "goods and services"

Page 124, delete lines 6 and 7 and insert:

"(2) a staff model health carrier;"

Page 124, line 8, delete "(4)" and insert "(3)" and before the period, insert "or

(4) a pharmacy as defined in section 151.01"

Page 124, line 21, delete everything after "services" and insert "and other services provided by hospitals, surgical centers, or health care providers and include the following health care items and services provided to a patient or consumer"

Page 124, line 22, delete everything before the colon

Page 125, after line 12, insert:

"Sec. 7. Minnesota Statutes 1992, section 295.50 is amended by adding a subdivision to read:

*Subd. 12a. [STAFF MODEL HEALTH CARRIER.] Staff model health carrier is a health carrier as defined in section 62L.02, subdivision 16, which employs one or more types of health care provider to deliver health care services to the health carrier's enrollees.*

Sec. 8. Minnesota Statutes 1992, section 295.50, subdivision 14, is amended to read:

*Subd. 14. [WHOLESALE DRUG DISTRIBUTOR.] "Wholesale drug distributor" means a wholesale drug distributor required to be licensed under sections 151.42 to 151.51 or a nonresident pharmacy required to be registered under section 151.19."*

Page 126, line 19, delete "Medicare"

Page 126, line 20, delete "coordinated health plans" and insert "organizations governed by section 1876 of the federal Social Security Act, United States Code, title 42, section 1385"

Page 126, line 22, after "coverage" insert "and services not covered by Medicare"

Page 127, line 16, delete "and"

Page 127, line 18, before the period, insert ";

(13) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to

9520.0690, community support programs and family community support programs receiving grants under Minnesota Rules, parts 9536.1700 to 9535.1765, and community mental health centers as defined in section 245.62, subdivision 2; and

(14) payments received from any governmental agency for services benefiting the public. Payments made by the government in its capacity as an employer or insurer are not excluded"

Page 127, after line 18, insert:

"Sec. 13. Minnesota Statutes 1992, section 295.53, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIONS FOR HEALTH MAINTENANCE ORGANIZATIONS STAFF MODEL HEALTH CARRIERS.] (a) In addition to the exemptions allowed under subdivision 1, a health maintenance organization staff model health carrier may deduct from its gross revenues for the year:

(1) amounts paid to hospitals and health care providers that are not employees of the staff model health carrier for services subject to the tax under section 295.52;

(1) (2) amounts added to reserves, if total reserves do not exceed 25 percent of gross revenues for the prior year;

(2) (3) assessments for the comprehensive health insurance plan under section 62E.11, medical care surcharge under section 256.9657, subdivision 3, premium tax under section 60A.15, subdivision 1, and any other government taxes, assessments, or surcharges paid during the year; and

(3) an allowance (4) amounts spent for administration and underwriting as reported as total administration on report #2 statement of revenues, expenses, and net worth and other medical administration or managed care expenses that are not similar to the administrative costs of direct health care providers; and

(5) amounts paid to providers outside of the state of Minnesota.

(b) The commissioner of health, in consultation with the commissioners of commerce and revenue, shall establish by rule under chapter 14 the percentage of health maintenance revenue that will be allowed as a deduction for administrative and underwriting expenses. The commissioner of health shall determine the percentage allowance based on the average expenses of health maintenance organizations that are equivalent to the claims administration and other underwriting services of third party payors. These expenses do not include the portion of health maintenance organization costs that are similar to the administrative costs of direct health care providers, rather than third party payors, and do not include costs deductible under paragraph (a), clauses (1) and (2). The commissioner of health may adopt emergency rules."

Page 127, after line 36, insert:

"Sec. 15. Minnesota Statutes 1992, section 295.57, is amended to read:

295.57 [COLLECTION AND ENFORCEMENT; REFUNDS; RULE-MAKING; APPLICATION OF OTHER CHAPTERS.]

Unless specifically provided otherwise by sections 295.50 to 295.58, the enforcement, interest, and penalty provisions under chapter 294, appeal and,

criminal penalty, and refunds provisions under chapter 289A, and collection and rulemaking provisions under chapter 270, apply to a liability for the taxes imposed under sections 295.50 to 295.58."

Page 129, line 13, delete "subdivision" and insert "subdivisions 5 and"

Page 129, line 20, delete "to 10" and after the fourth semicolon, insert "9 to 12;" and delete "12" and insert "16"

Page 129, line 23, delete "11" and insert "14"

Page 129, line 25, delete "13, 14, and 15" and insert "17, 18, and 19"

Re-number the sections of article 14 in sequence

Page 130, delete lines 32 to 35

Amend the title as follows:

Page 1, line 33, after the semicolon, insert "169.685, subdivision 5; 169.686, subdivision 1;"

Page 1, line 37, after "1" insert ", and by adding a subdivision" and after "7," insert "14,"

Page 1, line 39, delete "subdivision 1" and insert "subdivisions 1 and 2"

Page 1, line 40, after the first semicolon, insert "295.57;"

Page 1, line 46, delete the first "subdivision" and insert "subdivisions 5 and"

And when so amended the bill do pass and be re-referred to the Committee on Health Care. Mr. Price questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Ms. Piper from the Committee on Family Services, to which was referred

S.F. No. 329: A bill for an act relating to human services; allocating money to the child care basic sliding fee program; amending Minnesota Statutes 1992, section 256H.03, subdivision 4.

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 256H.03, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION FORMULA.] Beginning July 1, 1992, the basic sliding fee state and federal funds shall be allocated according to the following formula:

(a) One-half of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the 12-month period ending on December 31 of the preceding state fiscal year.

(b) One-fourth of the funds shall be allocated based on the number of children under age 13 in each county who are enrolled in general assistance medical care, medical assistance, and the children's health plan on July 1, of each year.

(c) One-fourth of the funds shall be allocated based on the number of children under age 13 who reside in each county, from the most recent estimates of the state demographer.

*(d) In fiscal year 1993 only, a maximum of \$600,000 in federal funds designated for the basic sliding fee program shall be distributed to counties that, due to the allocation formula change in paragraphs (a) to (c), do not have sufficient funds available in the basic sliding fee program to continue services in fiscal year 1993 to families participating in the basic sliding fee program in fiscal year 1992. This maximum of \$600,000 increase for the sliding fee child care fund in fiscal year 1993 is a one-time increase and does not increase the allocation base for the 1994-1995 biennium. The funds shall be distributed as a supplemental fiscal year 1993 allocation to counties without regard to the allocation formula identified in this subdivision. The amount distributed to a county shall be based on earnings in excess of its original fiscal year 1993 allocation after the maintenance of effort requirements in section 256H.12. The sum of a county's original and supplemental fiscal year 1993 allocations may not exceed its fiscal year 1992 allocation. If the amount of funds earned under this paragraph is in excess of \$600,000, the distribution shall be prorated to each county based on the ratio of the county's earnings in excess of its allocation to the total of all counties' earnings in excess of their allocations.*

Sec. 2. [EFFECTIVE DATE.]

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

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

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

S.F. No. 938: A bill for an act relating to commerce; modifying the definition of business license; regulating residential building contractors and remodelers; providing licensing requirements; prescribing the powers and duties of the commissioner; establishing a contractor's recovery fund; amending Minnesota Statutes 1992, sections 116J.70, subdivision 2a; 326.83, subdivisions 4, 6, 7, 8, 10, and by adding subdivisions; 326.84, subdivisions 1 and 3; 326.85, subdivision 1; 326.86; 326.87, subdivision 2; 326.88; 326.89, subdivisions 2, 3, and by adding subdivisions; 326.90; 326.91, subdivisions 1 and 2; 326.92, subdivisions 1 and 3; 326.93, subdivision 1; 326.94, subdivision 2; 326.97, subdivision 1, and by adding a subdivision; 326.99; and 326.991; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1992, sections 326.84, subdivision 2; 326.94, subdivision 1; and 326.991, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 116J.70, subdivision 2a, is amended to read:

Subd. 2a. [LICENSE; EXCEPTIONS.] "Business license" or "license" does not include the following:

(1) any occupational license or registration issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) any license issued by a county, home rule charter city, statutory city, township, or other political subdivision;

(3) any license required to practice the following occupation regulated by the following sections:

- (a) abstracters regulated pursuant to chapter 386;
- (b) accountants regulated pursuant to chapter 326;
- (c) adjusters regulated pursuant to chapter 72B;
- (d) architects regulated pursuant to chapter 326;
- (e) assessors regulated pursuant to chapter 270;
- (f) attorneys regulated pursuant to chapter 481;
- (g) auctioneers regulated pursuant to chapter 330;
- (h) barbers regulated pursuant to chapter 154;
- (i) beauticians regulated pursuant to chapter 155A;
- (j) boiler operators regulated pursuant to chapter 183;
- (k) chiropractors regulated pursuant to chapter 148;
- (l) collection agencies regulated pursuant to chapter 332;
- (m) cosmetologists regulated pursuant to chapter 155A;
- (n) dentists, registered dental assistants, and dental hygienists regulated pursuant to chapter 150A;
- (o) detectives regulated pursuant to chapter 326;
- (p) electricians regulated pursuant to chapter 326;
- (q) embalmers regulated pursuant to chapter 149;
- (r) engineers regulated pursuant to chapter 326;
- (s) insurance brokers and salespersons regulated pursuant to chapter 60A;
- (t) certified interior designers regulated pursuant to chapter 326;
- (u) midwives regulated pursuant to chapter 148;
- (v) morticians regulated pursuant to chapter 149;
- (w) nursing home administrators regulated pursuant to chapter 144A;
- (x) optometrists regulated pursuant to chapter 148;
- (y) osteopathic physicians regulated pursuant to chapter 147;
- (z) pharmacists regulated pursuant to chapter 151;
- (aa) physical therapists regulated pursuant to chapter 148;
- (bb) physicians and surgeons regulated pursuant to chapter 147;

- (cc) plumbers regulated pursuant to chapter 326;
- (dd) podiatrists regulated pursuant to chapter 153;
- (ee) practical nurses regulated pursuant to chapter 148;
- (ff) professional fund raisers regulated pursuant to chapter 309;
- (gg) psychologists regulated pursuant to chapter 148;
- (hh) real estate brokers, salespersons, and others regulated pursuant to chapters 82 and 83;
- (ii) registered nurses regulated pursuant to chapter 148;
- (jj) securities brokers, dealers, agents, and investment advisers regulated pursuant to chapter 80A;
- (kk) steamfitters regulated pursuant to chapter 326;
- (ll) teachers and supervisory and support personnel regulated pursuant to chapter 125;
- (mm) veterinarians regulated pursuant to chapter 156;
- (nn) water conditioning contractors and installers regulated pursuant to chapter 326;
- (oo) water well contractors regulated pursuant to chapter 156A;
- (pp) water and waste treatment operators regulated pursuant to chapter 115;
- (qq) motor carriers regulated pursuant to chapter 221;
- (rr) professional corporations regulated pursuant to chapter 319A;
- (ss) *real estate appraisers regulated pursuant to chapter 82B;*
- (tt) *residential building contractors, residential remodelers, and specialty contractors regulated pursuant to chapter 326;*
- (4) any driver's license required pursuant to chapter 171;
- (5) any aircraft license required pursuant to chapter 360;
- (6) any watercraft license required pursuant to chapter 86B;
- (7) any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, which is required to be obtained from a state agency or instrumentality; and
- (8) any pollution control rule or standard established by the pollution control agency or any health rule or standard established by the commissioner of health or any licensing rule or standard established by the commissioner of human services.

Sec. 2. Minnesota Statutes 1992, section 326.83, subdivision 4, is amended to read:

Subd. 4. [LICENSEE.] "Licensee" means a residential building contractor, or residential remodeler, or ~~specialty contractor~~ licensed under sections 326.83 to ~~326.98~~ 326.991.

Sec. 3. Minnesota Statutes 1992, section 326.83, subdivision 6, is amended to read:

Subd. 6. [PUBLIC MEMBER.] "Public member" means a person who is not, and never was, a residential ~~builder~~, *building contractor*, residential remodeler, or specialty contractor or the spouse of such person, or a person who has no, or never has had a, material financial interest in acting as a residential building contractor, *residential remodeler*, or specialty contractor or a directly related activity.

Sec. 4. Minnesota Statutes 1992, section 326.83, subdivision 7, is amended to read:

Subd. 7. [RESIDENTIAL REMODELER.] "*Residential remodeler*" means a person in the business of contracting or offering to contract *with an owner* to improve existing residential real estate *by providing two or more special skills as defined in this section*. A ~~remodeler has two or more special skills~~.

Sec. 5. Minnesota Statutes 1992, section 326.83, subdivision 8, is amended to read:

Subd. 8. [RESIDENTIAL BUILDING CONTRACTOR.] "Residential building contractor" means a person in the business of building residential real estate, or of contracting or offering to contract *with an owner to improve build* residential real estate, *by providing two or more special skills as defined in this section*. A residential building contractor may also contract or offer to contract with an owner to improve existing residential real estate.

Sec. 6. Minnesota Statutes 1992, section 326.83, subdivision 10, is amended to read:

Subd. 10. [SPECIALTY CONTRACTOR.] "Specialty contractor" means a person ~~other than a residential building contractor, remodeler, or material supplier~~ in the business of contracting or offering to contract to ~~make part of an improvement to build or improve~~ residential real estate, *including roofing by providing one special skill as defined in this section*.

Sec. 7. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

Subd. 11. [SPECIAL SKILL.] "*Special skill*" means one of the following eight categories:

(a) [EXCAVATION.] *Excavation includes work in any of the following areas:*

- (1) *excavation;*
- (2) *trenching;*
- (3) *grading;*
- (4) *site grading; and*
- (5) *septic systems.*

(b) [MASONRY AND CONCRETE.] *Masonry and concrete includes work in any of the following areas:*

- (1) *drain systems;*

- (2) poured walls;
- (3) slabs and poured-in-place footings;
- (4) masonry walls;
- (5) masonry fireplaces;
- (6) masonry veneer; and
- (7) water resistance and waterproofing.

(c) [CARPENTRY.] Carpentry includes work in any of the following areas:

- (1) rough framing;
- (2) finish carpentry;
- (3) siding;
- (4) doors, windows, and skylights;
- (5) exterior covering;
- (6) porches and decks;
- (7) wood foundations;
- (8) insulation and vapor barrier;
- (9) drywall installation, excluding taping and finishing;
- (10) cabinet and counter top installation;
- (11) wood floors;
- (12) installation of roofing materials, excluding roofing; and
- (13) soffit, fascia, and trim.

(d) [INTERIOR FINISHING.] Interior finishing includes work in any of the following areas:

- (1) floor covering;
- (2) wood floors;
- (3) cabinet and counter top installation;
- (4) insulation and vapor barriers;
- (5) interior or exterior painting;
- (6) ceramic, marble, and quarry tile;
- (7) ornamental guardrail and installation of prefabricated stairs; and
- (8) wallpapering.

(e) [EXTERIOR FINISHING.] Exterior finishing includes work in any of the following areas:

- (1) siding;
- (2) doors, skylights, and windows;
- (3) soffit, fascia, and trim;

(4) exterior plaster and stucco;

(5) painting; and

(6) rain carrying systems, including gutters and down spouts.

(f) [DRYWALL AND PLASTER.] Drywall and plaster includes work in any of the following areas:

(1) installation;

(2) taping;

(3) finishing;

(4) interior plaster;

(5) painting; and

(6) wallpapering.

(g) [ROOFING.] Roofing includes work in any of the following areas:

(1) roof coverings;

(2) roof sheathing;

(3) roof weatherproofing and insulation; and

(4) repair of roof support system, but not construction of new roof support system.

(h) [GENERAL INSTALLATION SPECIALTIES.] Installation includes work in any of the following areas:

(1) garage doors and openers;

(2) pools, spas, and hot tubs;

(3) fireplaces and wood stoves;

(4) asphalt paving and seal coating;

(5) exterior plaster and stucco; and

(6) ornamental guardrail and prefabricated stairs.

Sec. 8. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 12. [PERSON.] "Person" means a natural person, firm, partnership, limited liability company, corporation, or association, and the officers, directors, employees, or agents of that person.*

Sec. 9. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 13. [QUALIFYING PERSON.] "Qualifying person" means the individual who fulfills the examination and education requirements for licensure on behalf of the licensee.*

Sec. 10. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 14. [GROSS ANNUAL RECEIPTS.] "Gross annual receipts" means the total amount derived from residential contracting or remodeling activities, and must not be reduced by cost of goods sold, expenses, losses, or any other amount.*

Sec. 11. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 15. [AFFILIATE.] An "affiliate" of another person means any person directly or indirectly controlling, controlled by, or under common control with the other person.*

Sec. 12. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 16. [OWNER.] Except in section 326.91, subdivision 1, "owner" means a person who has any legal or equitable interest in real property. For purposes of sections 326.83 to 326.991, "owner" does not include a residential building contractor or residential remodeler who constructs or improves its own property for purposes of speculation. A residential building contractor or residential remodeler will be presumed to be building or improving for purposes of speculation if it constructs or improves more than one property within any 12-month period.*

Sec. 13. Minnesota Statutes 1992, section 326.83, is amended by adding a subdivision to read:

*Subd. 17. [LESSEE.] "Lessee" means one who rents residential real estate pursuant to a written lease agreement of at least one year's duration.*

Sec. 14. Minnesota Statutes 1992, section 326.84, subdivision 1, is amended to read:

Subdivision 1. [PERSONS REQUIRED TO BE LICENSED.] *A person who meets the definition of a residential remodeler as defined in section 326.83, subdivision 7, or a residential building contractor as defined in section 326.83, subdivision 8, must be licensed as a residential building contractor or residential remodeler.*

*Subd. 1a. [PERSONS WHO MAY BE LICENSED.] A person who meets the definition of a specialty contractor as defined in section 326.83, subdivision 10, may be licensed as a residential building contractor or residential remodeler unless required to be licensed by the state as a specialty contractor.*

*Subd. 1b. [PROHIBITION.] Except as provided in subdivision 3, no person may engage in the work of a persons required to be licensed by subdivision 1 may act or hold themselves out as residential building contractor, remodeler, or specialty contractor contractors or residential remodelers for compensation without a valid license issued by the commissioner. The commissioner shall recommend which types of one-skill competency or single special skill groups must be licensed as specialty contractors and report to the legislature by January 31, 1992, with the recommended types of specialty groups, the licensing procedures, and potential continuing education requirements.*

*Subd. 1c. [LICENSING CRITERIA.] The examination and education requirements for licensure under sections 326.84 to 326.991 must be fulfilled by a qualifying person designated by the potential licensee. If the qualifying*

person is a managing employee, the qualifying person must be an employee who is regularly employed by the licensee and is actively engaged in the business of residential contracting or residential remodeling on behalf of the licensee. For a sole proprietorship, the qualifying person must be the proprietor or managing employee. For a partnership, the qualifying person must be a general partner or managing employee. For a limited liability company, the qualifying person must be a chief manager or managing employee. For a corporation, the qualifying person must be a chief executive officer or managing employee. A qualifying person for a corporation may act as a qualifying person for one additional corporation if one of the following conditions exists:

(1) there is a common ownership of at least 25 percent of each licensed corporation for which the person acts in a qualifying capacity; or

(2) one corporation is a subsidiary of another corporation for which the same person acts in a qualifying capacity. "Subsidiary," as used in this section, means a corporation of which at least 25 percent is owned by the parent corporation.

Sec. 15. Minnesota Statutes 1992, section 326.84, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS EXEMPTIONS.] The license requirement does not apply to:

- (1) an employee of a licensee performing work for the licensee;
- (2) a material person, manufacturer, or retailer furnishing finished products, materials, or articles of merchandise who does not install or attach the items;
- (3) an owner or owners of residential real estate who improve the residential real estate or who build or improve a structure on the residential real estate and who do the work themselves or jointly with the owner's own employees or agents. This exemption does not apply to a person who engages in a pattern of building or improving real estate for purposes of resale. Such a pattern is presumed to exist if the person sells more than one property so built or improved within any 12-month period;
- (4) an architect or engineer engaging in professional practice as defined in this chapter;
- (5) a person engaging in any project by one or more contracts, for which the aggregate contract price, including labor, materials, installation, and all other items, is less than \$2,500. The \$2,500 limit may be exceeded by the unlicensed person if the person's whose total gross annual receipts from projects regulated under this section do not exceed \$15,000;
- (6) a mechanical contractor, plumber, or electrician;
- (7) a person doing excavation for the installation of an on-site sewage treatment system;
- (8) all specialty contractors that were required to be licensed by the state before the effective date of Laws 1991, chapter 306, sections 7 to 22; and a plumber, electrician, or other person whose profession is otherwise subject to statewide licensing, when engaged in the activity which is the subject of licensure;

(9) ~~(8) specialty contractors that are not required to be licensed, as determined by the legislature, who provide only one special skill as defined in section 326.83;~~

(9) a school district, or a technical college governed under chapter 136C; and

(10) manufactured housing installers.

To qualify for the exemption in clause (5), a person must obtain a certificate of exemption from licensing from the commissioner.

A certificate of exemption will be issued upon the applicant's filing with the commissioner, an affidavit stating that the applicant does not expect to exceed \$15,000 in gross annual receipts derived from contracting activities during the calendar year for which the exemption is requested.

To renew the exemption in clause (5), the applicant must file an affidavit stating that the applicant did not exceed \$15,000 in gross annual receipts during the past calendar year, and the applicant does not expect to exceed \$15,000 in gross annual receipts during the calendar year for which the exemption is requested.

If a person, operating under the exemption in clause (5), exceeds \$15,000 in gross receipts during any calendar year, the person must immediately surrender the exemption certificate and apply for the appropriate license. The person must remain licensed until such time as the person's gross annual receipts during a calendar year fall below \$15,000. The person may then apply for this exemption for the next calendar year.

Sec. 16. Minnesota Statutes 1992, section 326.85, subdivision 1, is amended to read:

Subdivision 1. [BUILDERS STATE ADVISORY COUNCIL.] The commissioner shall appoint ~~seven~~ *eight* persons to the builders state advisory council. At least three members of the council must reside in greater Minnesota, as defined in section 116O.02, subdivision 5. At least one member of the council must be a residential building contractor, one a residential remodeler, one a specialty contractor, one a representative of the commissioner, one a local building official, and one a public member *and one a representative of organized labor designated by the AFL-CIO, this member shall not be subject to the membership term limits under section 15.059.*

Sec. 17. Minnesota Statutes 1992, section 326.86, is amended to read:

#### 326.86 [FEES.]

Subdivision 1. [LICENSING FEE.] The licensing fee for ~~residential building contractors and remodelers persons licensed pursuant to sections 326.83 to 326.991 is \$60 for the license period ending March 31, 1993, and \$75 for each per year thereafter.~~ The commissioner may adjust the fees under section 16A.128 to recover the costs of administration and enforcement. ~~The commissioner shall establish licensing fees for specialty contractors under section 16A.128.~~ The fees must be limited to the cost of license administration and enforcement and must be deposited in the state treasury and credited to the general fund. *A fee of \$25 will be charged for a duplicate license or an amended license reflecting a change of business name, address, or qualifying person.*

Subd. 2. [LOCAL SURCHARGE.] A local government unit may place a surcharge in an amount no greater than \$5 on each building permit that

requires a licensed residential building contractor, *residential remodeler*, or specialty contractor for the purpose of license verification. The local government may verify a license by telephone or facsimile machine.

Sec. 18. Minnesota Statutes 1992, section 326.87, subdivision 2, is amended to read:

Subd. 2. [HOURS.] A licensee *qualifying person* of a *general residential contractor or remodeler licensee* must provide proof of completion of 15 *seven* hours for each two-year license period. *Continuing real estate hours and continuing general residential contractor or remodeler hours must be granted for the same course if it meets the guidelines for an approved course in each license program of continuing education per year. To the extent the commissioner considers it appropriate, courses or parts of courses may be considered to satisfy both continuing education requirements under this section and continuing real estate education requirements.*

Sec. 19. [326.875] [NOTICE OF CHANGE.]

*Written notice must be given to the commissioner by each licensee of any change in personal name, trade name, qualifying person, address or business location not later than 15 business days after the change. The commissioner shall issue an amended license, if required, for the unexpired period.*

Sec. 20. Minnesota Statutes 1992, section 326.88, is amended to read:

326.88 [TEMPORARY LICENSES LOSS OF QUALIFYING PERSON.]

*A temporary license must be issued to residential building contractors, remodelers, or specialty contractors if the person who obtained a license under section 326.84, subdivision 2, clause (2) or (3), leaves the partnership or corporation because of death, disability, retirement, or position change. A temporary license expires after one year and may not be renewed. Upon the departure or disqualification of a licensee's qualifying person because of death, disability, retirement, position change, or other reason, the licensee must notify the commissioner within 15 business days. The licensee shall have 120 days from the departure of the qualifying person to obtain a new qualifying person. Failure to secure a new qualifying person within 120 days will result in the automatic termination of the license.*

Sec. 21. Minnesota Statutes 1992, section 326.89, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] The application must include the following information regarding the applicant:

- (1) Minnesota workers' compensation insurance account number certificate;
- (2) employment insurance account number;
- (3) certificate of liability insurance;
- (4) type of license requested;

(4) (5) name and address of the applicant if the applicant is a sole proprietorship; name and address of each partner if the applicant is a partnership; or name and address of each of the corporate officers, directors, and all shareholders holding more than five percent of the outstanding stock in the corporation;

(i) name and address of the applicant's qualifying person, if other than applicant; and

(ii) if the applicant is a sole proprietorship, the name and address of the sole proprietor; if applicant is a partnership, the name and address of each partner; if the applicant is a limited liability company, the name and address of each governor and manager; if applicant is a corporation, the name and address of each of the corporate officers, directors, and all shareholders holding more than ten percent of the outstanding stock in the corporation;

(5) (6) whether the applicant or qualifying person has ever been licensed in this or any other state and has had a professional or vocational license refused, suspended, or revoked, or has been the subject of any administrative action;

(6) (7) whether the applicant, qualifying person, or any of ~~its~~ the applicant's corporate or partnership directors, limited liability company governors, officers, limited or general partners, managers, or all shareholders holding more than five ten percent of the outstanding stock share of the corporation that have been issued, or all members holding more than ten percent of the voting power of the membership interests that have been issued, has been convicted of a crime that either related directly to the business for which the license is sought or involved fraud, misrepresentation, or misuse of funds; has suffered a judgment in a civil action involving fraud, misrepresentation, negligence, or breach of contract, or conversion within the ten years prior to the submission of the application; or has had any government license or permit suspended or revoked as a result of an action brought by a federal, state, or local governmental unit or agency in this or any other state;

(7) the applicant's education and experience as they relate to the requested type of license; and

(8) the applicant's and qualifying person's business history for the past five years and whether the applicant or qualifying person has ever filed for bankruptcy or protection from creditors or has any unsatisfied judgments against the applicant or qualifying person; and

(9) whether the qualifying person is the qualifying person for more than one licensee.

For purposes of this subdivision, "applicant" includes employees who exercise management or policy control over the residential contracting and remodeling activities in the state of Minnesota, including affiliates, partners, directors, governors, officers, limited or general partners, managers, all shareholders holding more than ten percent of the shares that have been issued, a shareholder holding more than ten percent of the voting power of the shares that have been issued, or all members holding more than ten percent of the membership interests that have been issued or more than ten percent of the voting power of the membership interests that have been issued.

The commissioner may require further information as the commissioner deems appropriate to administer the provisions and further the purposes of this chapter.

Sec. 22. Minnesota Statutes 1992, section 326.89, subdivision 3, is amended to read:

Subd. 3. [EXAMINATION.] All individual applicants. Each qualifying person must satisfactorily complete a written examination for the type of license requested. The commissioner may establish the examination qualifications, including related education experience and education, the examination procedure, and the examination for each licensing group. The examination must include at a minimum the following areas:

(1) appropriate knowledge of technical terms commonly used and the knowledge of reference materials and code books to be used for technical information; and

(2) understanding of the general principles of business management and other pertinent state laws.

Each examination must be designed for the specified type of license requested. The council shall advise the commissioner on the grading, monitoring, and updating of examinations.

Sec. 23. Minnesota Statutes 1992, section 326.89, is amended by adding a subdivision to read:

*Subd. 3a. [ELIGIBILITY.] Any person may take the license examination. After satisfactorily completing the examination, an individual may be designated as the qualifying person for a licensee at any time, if the individual has also fulfilled the continuing education requirements set forth in section 326.87 in the manner required for the qualifying person of a licensee.*

Sec. 24. Minnesota Statutes 1992, section 326.89, is amended by adding a subdivision to read:

*Subd. 6. [ADDITIONAL LICENSING REQUIREMENTS.] As an alternative to denying an application for licensure pursuant to section 326.91, subdivision 1, the commissioner may, as a condition of licensure and based upon information received pursuant to section 326.89, subdivision 2, clauses (6) to (8), or a finding pursuant to section 326.91, subdivision 1, clauses (1) to (9), impose additional insurance, bonding, reporting, record keeping, and other requirements on the applicant as are necessary to protect the public.*

Sec. 25. Minnesota Statutes 1992, section 326.90, is amended to read:

**326.90 [LOCAL LICENSE PROHIBITED.]**

Except as provided in section 326.991, a political subdivision may not require a ~~residential building contractor, remodeler, or specialty contractor~~ person licensed under sections 326.83 to 326.991 to also be licensed under any ordinance, law, rule, or regulation of the political subdivision. This section does not prohibit charges for building permits or other charges not directly related to licensure.

Sec. 26. Minnesota Statutes 1992, section 326.91, subdivision 1, is amended to read:

*Subdivision 1. [CAUSE.] The commissioner may by order deny, suspend, or revoke any license or may censure a licensee, and may impose a civil penalty as provided for in section 45.027, subdivision 6, if the commissioner finds that the order is in the public interest, and that the applicant or licensee, or affiliate of an applicant or licensee, or other agent, owner, partner, director, governor, shareholder, member, officer, qualifying person, or managing employee of the applicant or licensee or any person occupying a similar status or performing similar functions:*

(1) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

(2) has engaged in a fraudulent, deceptive, or dishonest practice;

(3) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the business;

(4) has failed to reasonably supervise employees, agents, subcontractors, or salespersons, or has performed negligently or in breach of contract, so as to cause injury or harm to the public;

(5) has violated or failed to comply with any provision of sections 326.83 to 326.98 or any rule or order under sections 326.83 to 326.98;

(6) has been shown to be incompetent, untrustworthy, or financially irresponsible;

(7) has been convicted of a violation of the state building code;

(8) has failed to use the proceeds of any payment made to the licensee for the construction of, or any improvement to, residential real estate, as defined in section 326.83, subdivision 9, for the payment of labor, skill, material, and machinery contributed to the construction or improvement, knowing that the cost of any labor performed, or skill, material, or machinery furnished for the improvement remains unpaid; or

(9) has not furnished to the person making payment either a valid lien waiver as to any unpaid labor performed, or skill, material, or machinery furnished for an improvement, or a payment bond in the basic amount of the contract price for the improvement conditioned for the prompt payment to any person or persons entitled to payment;

(10) has engaged in conduct which was the basis for a contractor's recovery fund payment pursuant to section 326.975, which payment has not been reimbursed; or

(11) has engaged in bad faith, unreasonable delays, or frivolous claims in defense of a civil lawsuit arising out of their activities as a licensee under this chapter.

Sec. 27. Minnesota Statutes 1992, section 326.91, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE ACTION.] Section 45.027 applies to any action taken by the commissioner in connection with the administration of sections 326.83 to ~~326.98~~ 326.991.

*Nothing in this section prevents the commissioner from denying, suspending, revoking, or restricting a license, or from censuring a licensee based on acts or omissions not specifically enumerated in this subdivision.*

Sec. 28. Minnesota Statutes 1992, section 326.92, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] A person required to be licensed under sections 326.83 to ~~326.98~~ 326.991 who performs unlicensed work as a residential building contractor, remodeler, or specialty contractor is guilty of a misdemeanor.

Sec. 29. Minnesota Statutes 1992, section 326.92, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER ACTION.] The commissioner may bring actions, including cease and desist actions, against ~~an unlicensed or licensed residential building contractor, remodeler, or specialty contractor~~ any person licensed or required to be licensed under sections 326.83 to 326.991 to protect the public health, safety, and welfare.

Sec. 30. Minnesota Statutes 1992, section 326.93, subdivision 1, is amended to read:

Subdivision 1. [LICENSE.] A nonresident of Minnesota may be licensed as a residential building contractor; ~~or residential remodeler; or specialty contractor~~ upon compliance with all the provisions of sections 326.83 to ~~326.98~~ 326.991.

Sec. 31. Minnesota Statutes 1992, section 326.94, subdivision 2, is amended to read:

Subd. 2. [INSURANCE.] ~~Residential building contractors, remodelers, and specialty contractors~~ Licensees must have public liability insurance with limits of at least \$100,000 per occurrence ~~and, which must include at least \$10,000 property damage insurance coverage.~~ The commissioner may increase the minimum amount of insurance required ~~based on the type of license and the annual gross receipts of the licensee for any licensee or class of licensees if the commissioner considers it to be in the public interest and necessary to protect the interests of Minnesota consumers.~~

Sec. 32. [326.951] [DISCLOSURES.]

*If a licensee sells or offers to sell residential property, constructed by the licensee, which is or has been occupied by the licensee, the licensee must, prior to entering into a binding purchase agreement; provide to the buyer a written disclosure which states that any claims that arise as a result of the licensee's construction of the property: (1) will not be covered under the statutory warranty established by chapter 327A, and (2) if the licensee has occupied the residential property for one year or more, will not be eligible for reimbursement from the contractor's recovery fund.*

Sec. 33. Minnesota Statutes 1992, section 326.97, subdivision 1, is amended to read:

Subdivision 1. [~~APPROVAL~~ RENEWAL.] Licensees whose applications have been properly and timely filed and who have not received notice of denial of renewal are considered to have been approved for renewal and may continue to transact business whether or not the renewed license has been received. ~~Application for renewal of a license is required every two years after the initial issuance.~~ Applications are timely if received or postmarked by ~~December 15~~ March 1 of the year prior to the renewal year. Applications must be made on a form approved by the commissioner.

Sec. 34. Minnesota Statutes 1992, section 326.97, is amended by adding a subdivision to read:

*Subd. 1a. [ANNUAL RENEWAL.] Any license issued or renewed after August 1, 1993, must be renewed annually.*

Sec. 35. [326.975] [CONTRACTOR'S RECOVERY FUND.]

*Subdivision 1. [GENERALLY.] (a) In addition to any other fees, each applicant shall pay a fee to the contractor's recovery fund. The contractor's*

recovery fund is created in the state treasury and must be administered by the commissioner in the manner and subject to all the requirements and limitations provided by section 82.34 with the following exceptions:

(1) each licensee who renews a license shall pay in addition to the appropriate renewal fee an additional fee which shall be credited to the contractor's recovery fund. The amount of the fee shall be based on the licensee's gross annual receipts for the calendar or fiscal year immediately preceding the renewal, on the following scale:

Fee	Gross Receipts
\$100	under \$1,000,000
\$150	\$1,000,000 to \$5,000,000
\$200	over \$5,000,000

Any person who receives a new license shall pay a fee based on the same scale;

(2) the sole purpose of this fund is to compensate any aggrieved owner or lessee of residential property who obtains a final judgment in any court of competent jurisdiction against a licensee licensed under section 326.84, on grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance arising directly out of any transaction when the judgment debtor was licensed and performed any of the activities enumerated under section 326.83, subdivision 11, on the owner's residential property or on residential property rented by the lessee, or on new residential construction which was never occupied prior to purchase by the owner, or which was occupied by the licensee for less than one year prior to purchase by the owner, and which cause of action arose on or after March 31, 1994; and

(3) nothing may obligate the fund for more than \$50,000 per claimant, nor more than \$50,000 per licensee.

(b) Should the commissioner pay from the contractor's recovery fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court authorizing payment from the fund. No licensee shall be granted reinstatement until the licensee has repaid in full, plus interest at the rate of 12 percent a year, twice the amount paid from the fund on the licensee's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of at least \$40,000.

Subd. 2. [ACCELERATED CLAIMS PAYMENT.] Recovery fund claims that do not exceed the jurisdiction limits for conciliation court matters as specified in section 487.30 shall be paid on an accelerated basis if all of the following requirements have been satisfied:

(a) When any aggrieved person obtains a judgment in any court of competent jurisdiction, regardless of whether the judgment has been discharged by a bankruptcy court against a residential building contractor or residential remodeler on grounds specified in subdivision 1, paragraph (a), clause (2), the aggrieved person may file a verified application with the commissioner for payment out of the fund of the amount of actual and direct out-of-pocket loss in the transaction, but excluding any attorney fees, interest on the loss and on any judgment obtained as a result of the loss, up to the conciliation court jurisdiction limits, of the amount unpaid upon the judg-

ment. For purposes of this section, persons who are joint tenants or tenants in common are deemed to be a single claimant.

(b) The commissioner has sent the licensee a copy of the verified application by first-class mail to the licensee's address as it appears in the records of the department of commerce with a notice that the claim will be paid 15 days from the date of the notice unless the licensee notifies the commissioner prior to that date of the commencement of an appeal of the judgment, if the time for appeal has not expired, and that payment of the claim will result in automatic suspension of the licensee's license.

(c) If the licensee does not notify the commissioner of the commencement of an appeal, the commissioner shall pay the claim at the end of the 15-day period.

(d) If an appeal is commenced, the payment of the claim is stayed until the conclusion of the appeal.

(e) The commissioner may pay claims which total no more than \$15,000 against the licensee under this accelerated process. The commissioner may prorate the amount of claims paid under this subdivision if claims in excess of \$15,000 against the licensee are submitted. Any unpaid portions of such claims shall be satisfied in the manner set forth in subdivision 1.

Sec. 36. Minnesota Statutes 1992, section 326.99, is amended to read:

326.99 [INITIAL TEMPORARY LICENSES.]

Residential building contractors and residential remodelers must obtain a temporary license, which is effective as of January 1, 1992. The commissioner may stagger the temporary licenses so that approximately one-half of the licenses will expire on March 31, 1993, and the other one-half on March 31, 1994. For residential building contractors and remodelers whose initial temporary license expires March 31, 1993, the commissioner upon receipt of a written request and upon payment of the appropriate license renewal fee by the licensee shall extend the examination deadline until March 31, 1994. In 1994, in addition to the established examination sites, and at no additional costs to the examination candidate, the examination must be made available at least once at five additional sites throughout the state. The additional examination sites must be located whenever possible at public schools or technical colleges.

Sec. 37. Minnesota Statutes 1992, section 326.991, is amended to read:

326.991 [~~EXEMPTION~~ EXCEPTION.]

Subdivision 1. The license requirement under section 326.84 does not apply to a residential building contractor, residential remodeler, or specialty contractor licensed by the city of St. Paul or the city of Minneapolis and who is performing work within the legal boundaries of one of those municipalities. The two cities shall adopt and administer the tests for the residential building contractors and remodelers established in section 326.89 within six months of the effective date of the rules establishing the examinations.

This subdivision expires March 31, 2000.

Subd. 2. The commissioner may by rule establish a procedure for contract with the city of Minneapolis and the city of St. Paul to administer this licensing program on a contract basis.

## Sec. 38. [MANUFACTURED HOME INSTALLERS.]

*Manufactured home installers as defined in Minnesota Statutes, section 326.83, subdivision 4b, are not subject to Minnesota Statutes, section 326.975. Manufactured home installers as defined in Minnesota Statutes, section 326.83, subdivision 4b, are subject to Laws 1993, chapter 9, except that the bond requirement shall be \$2,500.*

## Sec. 39. [REPEALER.]

*Minnesota Statutes 1992, sections 326.84, subdivision 2; and 326.94, subdivision 1, are repealed.*

## Sec. 40. [EFFECTIVE DATE.]

*Section 15 is effective August 1, 1993, but the certificate of exemption requirement for those persons claiming an exemption pursuant to clause (5) of section 15 shall not be effective until March 31, 1994."*

Delete the title and insert:

"A bill for an act relating to commerce; modifying the definition of business license; regulating residential building contractors and remodelers; providing licensing requirements; prescribing the powers and duties of the commissioner; establishing a contractor's recovery fund; amending Minnesota Statutes 1992, sections 116J.70, subdivision 2a; 326.83, subdivisions 4, 6, 7, 8, 10, and by adding subdivisions; 326.84, subdivisions 1 and 3; 326.85, subdivision 1; 326.86; 326.87, subdivision 2; 326.88; 326.89, subdivisions 2, 3, and by adding subdivisions; 326.90; 326.91, subdivisions 1 and 2; 326.92, subdivisions 1 and 3; 326.93, subdivision 1; 326.94, subdivision 2; 326.97, subdivision 1, and by adding a subdivision; 326.99; and 326.991; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1992, sections 326.84, subdivision 2; and 326.94, subdivision 1."

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. Marty from the Committee on Ethics and Campaign Reform, to which was referred

H.F. No. 163: A bill for an act relating to campaign reform; limiting noncampaign disbursements to items specified by law; requiring lobbyists and political committees and funds to include their registration number on contributions; prohibiting certain "friends of" committees; requiring reports by certain solicitors of campaign contributions; limiting use of contributions carried forward; requiring unused postage to be carried forward as an expenditure; requiring certain notices; changing contribution limits; limiting contributions by political parties; prohibiting transfers from one candidate to another, with certain exceptions; limiting contributions by certain political committees, funds, and individuals; eliminating public subsidies to unopposed candidates; providing for a public subsidy to match in-district contributions; clarifying filing requirements for candidate agreements and the duration of the agreements; requiring return of public subsidies under certain conditions; imposing contribution limits on candidates for local offices; prohibiting political contributions by certain nonprofit corporations and partnerships; requiring a report of candidates on whose behalf political contributions have been refunded by the state; defining certain terms;

clarifying certain language; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivision 10c, and by adding a subdivision; 10A.04, by adding a subdivision; 10A.065, subdivision 1; 10A.14, subdivision 2; 10A.15, by adding subdivisions; 10A.19, subdivision 1; 10A.20, subdivision 3, and by adding a subdivision; 10A.25, by adding subdivisions; 10A.27, subdivisions 1, 2, 9, and by adding subdivisions; 10A.31, subdivisions 6, 8, and by adding a subdivision; 10A.322, subdivisions 1 and 2; 10A.324, subdivisions 1 and 3; 211B.15; 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapters 10A; 211A; and 211B.

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 10A.01, is amended by adding a subdivision to read:

*Subd. 9a. [ELECTION CYCLE.] "Election cycle" means the period from January 1 following a general election for an office to December 31 following the next general election for that office, except that "election cycle" for a special election means the period from the date the special election writ is issued to 60 days after the special election is held.*

Sec. 2. Minnesota Statutes 1992, section 10A.01, subdivision 10b, is amended to read:

*Subd. 10b. "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, which expenditure is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to that candidate. An expenditure by a political party or political party unit, as defined in section 10A.275, subdivision 3, in a race where the political party has a candidate on the ballot is not an independent expenditure.*

Sec. 3. Minnesota Statutes 1992, section 10A.01, subdivision 10c, is amended to read:

*Subd. 10c. [NONCAMPAIGN DISBURSEMENT.] "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.*

*Noncampaign disbursement includes any of the following purposes:*

- (a) Payment for accounting and legal services;
- (b) Return of a contribution to the source;
- (c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;
- (d) Return of money from the state elections campaign fund a public subsidy;

(e) Payment for food, beverages, entertainment, and facility rental for a fundraising event;

(f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to 60 days after adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 45 days after adjournment sine die;

(g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f);

(h) Payment for food and beverages provided to campaign volunteers while they are engaged in campaign activities;

(i) Payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;

(j) Payment by a principal campaign committee of the candidate's expenses for serving in public office;

(k) Costs for child care for the candidate's children when campaigning;

(l) Fees paid to attend a campaign school;

(m) Costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;

(n) Interest on loans paid by a principal campaign committee on outstanding loans;

(o) Filing fees; and

(p) Postgeneral election thank-you notes or advertisements in the news media.

The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision; and

(h) Payment for food and beverages provided to campaign volunteers while they are engaged in campaign activities.

Sec. 4. Minnesota Statutes 1992, section 10A.01, is amended by adding a subdivision to read:

*Subd. 29. [POPULATION.] "Population" means the population established by the most recent federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the metropolitan council, or by an estimate made by the state demographer under section 4A.02, whichever has the latest stated date of count or estimate.*

Sec. 5. Minnesota Statutes 1992, section 10A.065, subdivision 1, is amended to read:

**Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.]** A candidate for the legislature or for constitutional office, a candidate's principal campaign committee, any other political committee with the candidate's name or title, or any committee authorized by

the candidate, or the party organization within a house of the legislature, shall not solicit or accept a contribution on behalf of the a candidate's principal campaign committee, any other political committee with the candidate's name or title, or any committee authorized by the candidate, or the party organization, from a registered lobbyist, political committee, or political fund during a regular session of the legislature or during the 30 days immediately preceding a regular session of the legislature.

Sec. 6. Minnesota Statutes 1992, section 10A.065, subdivision 5, is amended to read:

Subd. 5. [POLITICAL COMMITTEE.] This section does not apply to a political committee established by a state political party; by the party organization within a congressional district, county, legislative district, municipality, or precinct; by all or part of the party organization within each house of the legislature, except for individual members; by a candidate for a judicial office; or to a member of such a political committee acting solely on behalf of the committee.

Sec. 7. Minnesota Statutes 1992, section 10A.12, subdivision 5, is amended to read:

Subd. 5. Notwithstanding subdivision 1, any association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. *Dues and membership fees must not be commingled in the same fund as contributions and may not be used to make contributions to candidates or to make independent expenditures except as targeted to inform solely the association's own dues-paying or fee-paying members of the association's position on an issue or a candidate.* Pursuant to section 10A.20, the treasurer of the each fund shall disclose the name of any member whose dues, and membership fees and or contributions deposited in the political fund together equal or exceed \$100 \$50 in any one year.

Sec. 8. Minnesota Statutes 1992, section 10A.15, is amended by adding a subdivision to read:

Subd. 3c. [RELATED COMMITTEES.] *An individual, association, political committee, or political fund may establish, finance, maintain, or control a political committee or political fund. One who does this is a "parent." The political committee or fund so established, financed, maintained, or controlled is a "subsidiary." If the parent is an association, the association must create a political committee or political fund to serve as the parent for reporting purposes. A subsidiary must report its contribution to a candidate or principal campaign committee as attributable to its parent, and the contribution is counted toward the contribution limits in section 10A.27 of the parent as well as of the subsidiary.*

Sec. 9. Minnesota Statutes 1992, section 10A.15, is amended by adding a subdivision to read:

Subd. 5. [POLITICAL COMMITTEE OR POLITICAL FUND REGISTRATION NUMBER ON CHECKS.] *A contribution made to a candidate by a political committee or political fund must show the name of the political committee or fund and the number under which it is registered with the board.*

Sec. 10. Minnesota Statutes 1992, section 10A.16, is amended to read:

10A.16 [EARMARKING CONTRIBUTIONS PROHIBITED.]

*Any An individual, political committee or political fund which receives may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate shall disclose to the ultimate recipient, and in the reports required by section 10A.20, the original source of the contribution; the fact that the contribution is earmarked and the candidate to whom it is directed. The ultimate recipient of any contribution so earmarked shall also disclose the original source and the individual, political committee, or political fund through which it is directed. This section applies only to contributions required to be disclosed by section 10A.20, subdivision 3, clause (b). Any other than the initial recipient. An individual, political committee, or political fund who knowingly accepts any earmarked contribution and fails to make the required disclosure is guilty of a gross misdemeanor.*

Sec. 11. Minnesota Statutes 1992, section 10A.17, subdivision 5, is amended to read:

Subd. 5. Any person who knowingly violates the provisions of subdivision 2 or 4, or who falsely claims that the candidate has not approved the expenditure or activity is guilty of a misdemeanor. A person who knowingly violates the provisions of subdivision 4 or falsely claims that the candidate has not approved the expenditure or activity is guilty of a gross misdemeanor.

Sec. 12. Minnesota Statutes 1992, section 10A.19, subdivision 1, is amended to read:

Subdivision 1. No candidate shall accept contributions from any source, other than self, in aggregate in excess of \$100 or any money from the state elections campaign fund a public subsidy unless the candidate designates and causes to be formed a single principal campaign committee for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit as defined in section 10A.275, subdivision 3.

A political committee bearing a candidate's name or title or otherwise operating under the direct or indirect control of the candidate, other than a principal campaign committee of the candidate, may not accept contributions after the effective date of this section, and must be dissolved by December 31, 1993. Notwithstanding the prohibition on transfers in section 10A.27, subdivision 9, but subject to the contribution limits in section 10A.27, subdivision 1, a dissolving committee may transfer any or all of its assets to a political party, to the general fund, or to the principal campaign committee of a candidate who is not the incumbent of the office the transferee candidate is seeking.

Sec. 13. Minnesota Statutes 1992, section 10A.20, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF REPORT.] Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has

made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. *Contributions that are bundled for delivery to the party organization within a house of the legislature must be reported as contributions from the individual, political committee, or political fund that makes the delivery as well as from the individual, political committee, or political fund that was the source of the contribution, except that a delivery made by an individual on behalf of the individual's spouse need not be reported as a contribution by the individual.* The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question which the expenditure is intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100

have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) Except for contributions to a candidate or committee for a candidate for office in a municipality as defined in section 471.345, subdivision 1, the name and address of each individual or association to whom aggregate noncampaign disbursements in excess of \$100 have been made within the year by or on behalf of a principal campaign committee, political committee, or political fund, together with the amount, date, and purpose of each noncampaign disbursement; and

(m) The sum of all noncampaign disbursements made within the year by or on behalf of a principal campaign committee, political committee, or political fund.

Sec. 14. Minnesota Statutes 1992, section 10A.20, is amended by adding a subdivision to read:

*Subd. 6b. [INDEPENDENT EXPENDITURES; NOTICE.] (a) Within 24 hours after an individual, political committee, or political fund makes or becomes obligated by oral or written agreement to make an independent expenditure in excess of \$100, other than an expenditure by an association targeted to inform solely its own dues-paying members of the association's position on a candidate, they shall file with the board and with all candidates in the affected race and the treasurers of their principal campaign committees a notice of their intent to make the expenditure. The notice must contain the information with respect to the expenditure that is required to be reported under subdivision 3, paragraph (g). Each new expenditure requires a new notice.*

*(b) An individual or the treasurer of a political committee or political fund who fails to give notice as required by this subdivision is guilty of a misdemeanor and is subject to a civil fine of three times the amount of the independent expenditure of which notice was required.*

Sec. 15. Minnesota Statutes 1992, section 10A.24, subdivision 1, is amended to read:

*Subdivision 1. [TERMINATION REPORT.] No political committee or political fund shall dissolve until it has settled all of its debts and disposed of all its assets in excess of \$100 and filed a termination report. "Assets" include credit balances at vendors and physical assets such as computers and postage stamps. Physical assets must be listed at their fair market value. The termination report may be made at any time and shall include all information required in periodic reports.*

Sec. 16. Minnesota Statutes 1992, section 10A.25, subdivision 2, is amended to read:

*Subd. 2. In During the two-year period including a year in which an election is held for an office sought by a candidate and the year before, no expenditures shall be made by the principal campaign committee of that candidate, nor any approved expenditures made on behalf of that candidate which expenditures and approved expenditures result in an aggregate amount in excess of the following:*

(a) For governor and lieutenant governor, running together, \$1,626,691 \$1,500,000;

(b) For attorney general, \$271,116 \$250,000;

(c) For secretary of state, state treasurer, and state auditor, separately, \$135,559 \$125,000;

(d) For state senator, \$40,669 \$40,000;

(e) For state representative, \$20,335 \$20,000.

*If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.*

*The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who is running for that office for the first time and who has not run previously for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office.*

Sec. 17. Minnesota Statutes 1992, section 10A.25, subdivision 6, is amended to read:

Subd. 6. In any year following an election year for the office held or sought, the aggregate amount of expenditures by and approved expenditures on behalf of a candidate for or holder of that office shall not exceed ~~one-fourth~~ 15 percent of the expenditure limit set forth in subdivision 2.

Sec. 18. Minnesota Statutes 1992, section 10A.25, subdivision 10, is amended to read:

Subd. 10. [EFFECT OF OPPONENT'S AGREEMENT.] (a) The expenditure limits imposed by this section apply only to candidates whose major political party opponents agree to be bound by the limits and who themselves agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns ~~in the form of an allocation of money from the state elections campaign fund.~~

(b) A candidate of a major political party who agrees to be bound by the limits and receives a public subsidy, who has an opponent who: (1) is a candidate of a major political party; and (2) does not agree to be bound by the limits but is otherwise eligible to receive a public subsidy:

(i) is no longer bound by the limits, including those in section 10A.324, subdivision 1, paragraph (c); and

(ii) is eligible to receive a public subsidy;

(iii) also receives the opponent's share of the general account public subsidy under section 10A.31; and

(iv) must be paid an additional public subsidy so that the total public subsidy paid under section 10A.31 and this subdivision equals the amount spent by the opponent.

(c) The additional subsidy must be paid at the same time as payments of the public subsidy under section 10A.31, plus an additional payment by February 15 following the election and based on the final campaign finance report due

January 31. The amount needed to pay the additional public subsidy under this subdivision is appropriated from the general fund.

For purposes of this subdivision, "otherwise eligible to receive a public subsidy" means that a candidate meets the requirements of sections 10A.31, 10A.315, 10A.321, and 10A.322, but does not mean that the candidate has filed an affidavit of matching funds under section 10A.323.

Sec. 19. Minnesota Statutes 1992, section 10A.25, is amended by adding a subdivision to read:

**Subd. 11. [INDEPENDENT EXPENDITURES; LIMITS INCREASED.]** *The expenditure limits imposed by this section are increased by the sum of independent expenditures made in opposition to the candidate or on behalf of a candidate's major political party opponents, other than expenditures by an association targeted to inform solely its own dues-paying members of the association's position on a candidate. Upon receipt of an expenditure report or notice required by section 10A.20, subdivision 3, 6, or 6b, the board shall notify the candidate of the increase in the expenditure limit. Within five days after providing this notice, the board shall pay the candidate an additional public subsidy equal to the amount of the independent expenditure. The amount needed to pay the additional public subsidy under this subdivision is appropriated from the general fund.*

Sec. 20. Minnesota Statutes 1992, section 10A.25, is amended by adding a subdivision to read:

**Subd. 12. [UNUSED POSTAGE AND CREDIT BALANCES CARRIED FORWARD.]** *Postage that is purchased but not used during an election cycle and credit balances at vendors that exceed a combined total of \$500 must be carried forward and counted as expenditures during the election cycle during which they are used.*

Sec. 21. Minnesota Statutes 1992, section 10A.27, subdivision 1, is amended to read:

**Subdivision 1. [CONTRIBUTION LIMITS.]** Except as provided in subdivisions 2 and 6, no candidate shall permit the candidate's principal campaign committee to accept aggregate contributions ~~from made or delivered~~ by any individual, political committee, or political fund in excess of the following:

(a) To candidates for governor and lieutenant governor running together, ~~\$20,000~~ \$1,000 in an election year for the office sought and ~~\$3,000~~ \$100 in other years;

(b) To a candidate for attorney general, ~~\$10,000~~ \$500 in an election year for the office sought and ~~\$2,000~~ \$100 in other years;

(c) To a candidate for the office of secretary of state, state treasurer or state auditor, ~~\$5,000~~ \$200 in an election year for the office sought and ~~\$1,000~~ \$100 in other years;

(d) To a candidate for state senator, ~~\$1,500~~ \$200 in an election year for the office sought and ~~one-third of that amount~~ \$100 in other years; and

(e) To a candidate for state representative, ~~\$750~~ \$200 in an election year for the office sought and ~~one-third of that amount~~ \$100 in the other year.

*Contributions that are bundled for delivery to a candidate's principal campaign committee are counted as contributions from the individual, political committee, or political fund that makes the delivery as well as from the individual, political committee, or political fund that was the source of the contribution, except that a delivery made by an individual on behalf of the individual's spouse is not counted as a contribution by the individual.*

Sec. 22. Minnesota Statutes 1992, section 10A.27, subdivision 2, is amended to read:

Subd. 2. No candidate shall permit the candidate's principal campaign committee to accept contributions from any political party in excess of five ten times the amount that may be contributed to that candidate by a political committee as set forth in subdivision 1.

Sec. 23. Minnesota Statutes 1992, section 10A.27, subdivision 9, is amended to read:

Subd. 9. (a) A candidate or the treasurer of a candidate's principal campaign committee shall not accept in any calendar year aggregate contributions in an amount greater than the maximum amount allowed under subdivision 4 a transfer or contribution from another candidate's principal campaign committee or any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate. A candidate's principal campaign committee shall not make a transfer or contribution to another candidate's principal campaign committee. A candidate may not accept a transfer or contribution from or make a transfer or contribution to a committee associated with a person who seeks nomination or election to the office of president, senator, or representative in Congress of the United States, or who is a candidate for local office under section 211A.01, subdivision 3.

(b) Notwithstanding paragraph (a), but subject to the contribution limits in subdivision 1, when a candidate's principal campaign committee is being dissolved, the committee may transfer any or all of its assets to a political party, to the general fund, or to the principal campaign committee of a candidate who is not the incumbent of the office the transferee candidate is seeking.

Sec. 24. Minnesota Statutes 1992, section 10A.27, is amended by adding a subdivision to read:

Subd. 10. [PROHIBITED CONTRIBUTIONS.] A candidate who accepts a public subsidy may not solicit or accept a contribution made or delivered by a lobbyist, political committee, or political fund, other than a political party. A candidate who accepts a public subsidy may not contribute more than \$5,000 to the candidate's own campaign.

Sec. 25. Minnesota Statutes 1992, section 10A.27, is amended by adding a subdivision to read:

Subd. 11. [CONTRIBUTIONS FROM CERTAIN TYPES OF CONTRIBUTORS.] A candidate for governor or attorney general shall not permit the candidate's principal campaign committee to accept a contribution from an individual who contributes more than half the amount an individual may contribute, if the contribution will cause the aggregate contributions from those large contributors to exceed three percent of the candidate's expenditure limit.

Sec. 26. Minnesota Statutes 1992, section 10A.27, is amended by adding a subdivision to read:

*Subd. 12. [CONTRIBUTIONS TO OTHER POLITICAL COMMITTEES OR FUNDS.] The treasurer of a political committee or fund, other than a candidate's principal campaign committee or a political party, may accept contributions only from individuals in amounts not more than \$50 per individual per year.*

Sec. 27. Minnesota Statutes 1992, section 10A.28, subdivision 2, is amended to read:

Subd. 2. A candidate who permits the candidate's principal campaign committee to accept contributions in excess of the limits imposed by section 10A.27, and the treasurer of a political committee or political fund, other than a principal campaign committee, who permits the committee or fund to accept contributions in excess of the limits imposed by section 10A.27, shall be subject to a civil fine of up to four times the amount by which the contribution exceeded the limits.

Sec. 28. Minnesota Statutes 1992, section 10A.31, subdivision 5, is amended to read:

Subd. 5. In each calendar year the money in the general account shall be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 3.6 percent for the office of attorney general;
- (3) 1.8 percent each for the offices of secretary of state, state auditor, and state treasurer;
- (4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;
- (5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

In each calendar year the money in each party account shall be allocated as follows:

- (1) 14 percent for the offices of governor and lieutenant governor together;
- (2) 2.4 percent for the office of attorney general;
- (3) 1.2 percent each for the offices of secretary of state, state auditor, and state treasurer;
- (4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;
- (5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;
- (6) ten percent for the state committee of a political party; money allocated to each state committee under this clause must be deposited in a separate

account and must be spent for only those items enumerated in section 10A.275; money allocated to a state committee under this clause must be paid to the committee by the state treasurer as notified by the state ethical practices board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the department of revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the department of revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the department of revenue to the state ethical practices board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the department of revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive *an equal share of* money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, amounts in the party's account shall be allocated based on (a) the number of people voting in

the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) in the following year. Money from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

Sec. 29. Minnesota Statutes 1992, section 10A.31, subdivision 6, is amended to read:

Subd. 6. ~~Within two weeks~~ *As soon as the board has obtained from the secretary of state the results of the primary election, but in any event no later than one week after certification by the state canvassing board of the results of the primary, the state treasurer board shall distribute the available funds in each party account, as certified by the commissioner of revenue on September 15, to the candidates of that party who have signed the agreement as provided in section 10A.322, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivision 5.*

Sec. 30. Minnesota Statutes 1992, section 10A.31, subdivision 7, is amended to read:

Subd. 7. *Within two weeks after certification by the state canvassing board of the results of the general election, the state treasurer board shall distribute the available funds in the general account, as certified by the commissioner of revenue on November 15 and according to allocations set forth in subdivision 5, in equal amounts to all candidates for each statewide office who received at least five percent of the votes cast in the general election for that office, and to all candidates for legislative office who received at least ten percent of the votes cast in the general election for the specific office for which they were candidates. The board shall not use the information contained in the report of the principal campaign committee of any candidate due ten days before the general election for the purpose of reducing the amount due that candidate from the general account.*

Sec. 31. Minnesota Statutes 1992, section 10A.31, subdivision 10, is amended to read:

Subd. 10. [DISTRIBUTION.] In the event that on the date of either certification by the commissioner of revenue as provided in subdivisions 6 and 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue shall certify to the board on by December 7 1 the amount accumulated in each account since the previous certification. ~~Within one week thereafter~~ By December 15, the board shall certify to the state treasurer the amount to be distributed distribute to each candidate according to the allocations as provided in subdivision 5. As soon as practicable thereafter, the state treasurer shall distribute the amounts to which the candidates are entitled in the form of checks made "payable to the campaign fund of .....(name of candidate)....." Any money accumulated after the final certification shall be maintained in the respective accounts for distribution in the next general election year.

Sec. 32. Minnesota Statutes 1992, section 10A.31, is amended by adding a subdivision to read:

Subd. 12. [UNOPPOSED CANDIDATE NOT ELIGIBLE.] A candidate who is unopposed in both the primary election and the general election is not eligible to receive a public subsidy from the state elections campaign fund. The subsidy the candidate would otherwise have been eligible to receive from the party account must be paid to the candidate's political party to be used for multicandidate expenditures as provided in section 10A.275.

Sec. 33. [10A.312] [PUBLIC MATCHING SUBSIDY.]

Subdivision 1. [ELIGIBILITY.] (a) In addition to the subsidy payable from the state elections campaign fund, the board shall pay a public matching subsidy to a candidate who:

(1) is seeking an office for which voluntary spending limits are specified in section 10A.25;

(2) has designated a principal campaign committee;

(3) has signed and filed with the board an agreement to limit campaign expenditures as provided in section 10A.322 and is abiding by the agreement;

(4) has received contributions that exceed the threshold established by paragraph (b); and

(5) has submitted to the board the affidavits required by subdivision 3.

(b) The candidate must have received, since July 1 immediately preceding the election year, at least the following amounts:

(1) candidates for governor and lieutenant governor running together, \$25,000 in aggregate contributions of \$200 or less from each person eligible to vote in this state;

(2) candidates for attorney general, \$10,000 in aggregate contributions of \$200 or less from each person eligible to vote in this state;

(3) candidates for secretary of state, state treasurer, and state auditor, separately, \$4,000 in aggregate contributions of \$100 or less from each person eligible to vote in this state;

(4) candidates for the senate, \$2,000 in aggregate contributions of \$100 or less from each person eligible to vote in their district; and

(5) candidates for the house of representatives, \$1,000 in aggregate contributions of \$100 or less from each person eligible to vote in their district.

(c) A candidate who is unopposed in both the primary election and the general election is not eligible to receive a public matching subsidy under this section.

*Subd. 2. [AMOUNT.] The subsidy must be paid in an amount that will match the first \$50 of contributions received from each person eligible to vote in this state, up to a total of 20 percent of the candidate's expenditure limit. For legislative candidates, one-half of the matching contributions must have come from persons eligible to vote in the candidate's district. For the first general election after the legislature has been redistricted, "the candidate's district" includes both the new district and the old district where the candidate resided before the redistricting.*

*Subd. 3. [AFFIDAVITS.] In addition to the requirements of subdivision 1, the candidate or the candidate's treasurer shall file with the board an affidavit stating the total amount of contributions that have been received from persons eligible to vote in this state or in the district, as appropriate, and the total amount of those contributions received disregarding the portion of any contribution in excess of \$50. The affidavit must be filed by September 1 to receive the payment based on the results of the primary election, by October 1 to receive the payment made October 15, and by December 1 to receive the final payment for that election cycle.*

*Subd. 4. [PAYMENT DATES.] The board shall make the first payment of the public matching subsidy as soon as the board has obtained from the secretary of state the results of the primary election, but in any event no later than one week after certification by the state canvassing board of the results of the primary. The board shall make the second payment by October 15 of the election year, and the final payment by December 15 of the election year.*

Sec. 34. Minnesota Statutes 1992, section 10A.315, is amended to read:

10A.315 [SPECIAL ELECTION SUBSIDY.]

(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:

(1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and

(2) the general account money paid to candidates for the same office at the last general election.

(b) If the filing period for the special election coincides with the filing period for the general election, the candidate must meet the matching requirements of section 10A.323 and the special election subsidy must be distributed in the same manner as money is distributed to legislative candidates in a general election.

(c) If the filing period for the special election does not coincide with the filing period for the general election, the procedures in this paragraph apply. A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 to the board not later than the day after the

candidate files the affidavit of candidacy or nominating petition for the office. ~~To receive a subsidy.~~ The candidate must meet *one-quarter of the matching requirements of section 10A.323, except that the dates in that section do not apply to a special election in which the filing period does not coincide with the filing period for the general election.* To the extent feasible, The special election subsidy must be distributed in the same manner as money in the party and general accounts is distributed to legislative candidates in a general election.

(e) ~~(d)~~ The amount necessary to make the payments required by this ~~subdivision section~~ is appropriated from the general fund to the ~~state treasurer board~~.

Sec. 35. Minnesota Statutes 1992, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy ~~from the state elections campaign fund~~, a candidate shall sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25 and 10A.324.

(b) Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The board shall also provide agreement forms to candidates on request at any time. The candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, the candidate may submit the agreement directly to the board at any time before September 1 preceding the general election. An agreement may not be ~~signed or rescinded filed~~ after that date. *An agreement once filed may not be rescinded.*

(c) The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

(d) Notwithstanding any provisions of this section, when a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement at any time before the deadline for submission of a signed agreement under section 10A.315.

Sec. 36. Minnesota Statutes 1992, section 10A.322, subdivision 2, is amended to read:

Subd. 2. [HOW LONG AGREEMENT IS EFFECTIVE.] The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the ~~day filings open for the next succeeding election to the office held or sought at the time of the agreement end of the first election cycle completed after the agreement was filed~~, whichever occurs first.

Sec. 37. Minnesota Statutes 1992, section 10A.323, is amended to read:

10A.323 [MATCHING REQUIREMENTS.]

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy ~~from the state elections campaign fund~~ a candidate ~~or the candidate's treasurer~~ shall file an affidavit with the board stating that during

that calendar year the candidate has accumulated contributions, including unexpended balances from the year before, equal to 20 percent or more of the minimum amount that the board estimates, on August 15 of the general election year, would be received by the candidate from the state elections campaign fund from persons eligible to vote in this state, that exceed ten percent of the candidate's expenditure limit in section 10A.25, subdivision 2. For legislative candidates, one-half of the matching contributions must have come from persons eligible to vote in the candidate's district. For the first general election after the legislature has been redistricted, "the candidate's district" includes both the new district and the old district where the candidate resided before the redistricting. Each matching contribution must be no more than \$500 for candidates for governor and no more than \$100 for other candidates. The candidate or the candidate's treasurer shall submit the affidavit affidavits required by this subdivision to the board in writing by October 1 of the general election year September 1 to receive the payment based on the results of the primary election, by November 1 to receive the payment based on the results of the general election, and by December 1 to receive the final payment for that election cycle.

Sec. 38. Minnesota Statutes 1992, section 10A.324, subdivision 3, is amended to read:

Subd. 3. [HOW RETURN DETERMINED.] Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy received from the state elections campaign fund must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. For purposes of this section, a transfer from one principal campaign committee to another principal campaign committee or to a political party is considered to be a noncampaign disbursement. The cost of postage that was not used during an election cycle and payments that created credit balances at vendors at the close of an election cycle are not considered expenditures for purposes of determining the amount to be returned. Any amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board shall forward the check or money order to the state treasurer for deposit in the general fund. The amount returned must not exceed the amount of public subsidy received by the candidate from the state elections campaign fund.

Sec. 39. Minnesota Statutes 1992, section 10A.324, is amended by adding a subdivision to read:

Subd. 5. [RETURN OF OPPONENT'S PUBLIC SUBSIDY.] If a candidate received an opponent's public subsidy under section 10A.25, subdivision 10, the candidate shall return all or a portion of the opponent's public subsidy if required under subdivision 1. In addition, the candidate shall return all of the opponent's public subsidy to the board if the opponent is not required to file a campaign spending report under section 10A.20 or if the opponent's postelection report due on January 31 indicates that the opponent raised and spent \$1,000 or less during the campaign.

Sec. 40. [211A.12] [CONTRIBUTION LIMITS.]

A candidate may not accept aggregate contributions made or delivered by an individual or committee in excess of \$300 for a candidate for mayor in a city of the first class or \$200 for other candidates in an election year for the office sought and \$100 for all candidates in other years. Contributions that

*are bundled for delivery to a candidate are counted as contributions from the individual or committee that makes the delivery as well as from the individual or committee that was the source of the contribution, except that a delivery made by an individual on behalf of the individual's spouse is not counted as a contribution by the individual.*

Sec. 41. Minnesota Statutes 1992, section 211B.04, is amended to read:

**211B.04 [CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.]**

(a) A person who participates in the preparation or dissemination of campaign material other than as provided in section 211B.05, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared or disseminated in a disclaimer substantially in the form provided in paragraph (b) or (c) is guilty of a misdemeanor.

(b) Except in cases covered by paragraph (c), the required form of disclaimer is: "Prepared and paid for by the ..... committee, .....(address)" for material prepared and paid for by a principal campaign committee, or "Prepared and paid for by the ..... committee, .....(address), in support of .....(insert name of candidate or ballot question)" for material prepared and paid for by a person or committee other than a principal campaign committee.

(c) In the case of broadcast media, the required form of disclaimer is: "Paid for by the ..... committee."

(d) Campaign material that is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to .....(insert name of candidate or ballot question.....)"; or that "this publication is not circulated on behalf of any candidate or ballot question"; and that "this expenditure is outside any candidate's voluntary limits on campaign spending."

(e) This section does not apply to objects stating only the candidate's name and the office sought, fundraising tickets, or personal letters that are clearly being sent by the candidate.

(f) This section does not modify or repeal section 211B.06.

Sec. 42. Minnesota Statutes 1992, section 211B.12, is amended to read:

**211B.12 [LEGAL EXPENDITURES.]**

Use of ~~funds~~ money collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns, or is a noncampaign disbursement as defined in section 10A.01, subdivision 10c. The following are permitted expenditures when made for political purposes:

- (1) salaries, wages, and fees;
- (2) communications, mailing, transportation, and travel;
- (3) campaign advertising;
- (4) printing;

(5) office and other space and necessary equipment, furnishings, and incidental supplies;

(6) charitable contributions of not more than ~~\$100~~ \$50 to any charity annually; and

(7) other expenses, not included in clauses (1) to (6), that are reasonably related to the conduct of election campaigns. In addition, expenditures made for the purpose of providing information to constituents, whether or not related to the conduct of an election, are permitted expenses. *Money collected for political purposes and assets of a political committee or political fund may not be converted to personal use.*

Sec. 43. Minnesota Statutes 1992, section 211B.15, is amended to read:

**211B.15 [CORPORATE OR LIMITED LIABILITY POLITICAL CONTRIBUTIONS.]**

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them:

(b) "corporation" means:

(1) a corporation organized for profit that does business in ~~Minnesota~~ this state;

(2) a nonprofit corporation that carries out activities in this state;

(c) "~~Limited liability company~~" means (3) a limited liability company formed under chapter 322B, or under similar laws of another state, that does business in ~~Minnesota~~ this state; and

(4) a partnership that does business in this state.

Subd. 2. [PROHIBITED CONTRIBUTIONS.] A corporation ~~or limited liability company~~ may not make a contribution or offer or agree to make a contribution, directly or indirectly, of any money, property, free service of its officers, ~~or employees, or members~~, or thing of monetary value to a major political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of a candidate to a political office that is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.

Subd. 3. [INDEPENDENT EXPENDITURES.] A corporation ~~or limited liability company~~ may not make an independent expenditure or offer or agree to make an independent expenditure to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "independent expenditure" means an expenditure that is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.

Subd. 4. [BALLOT QUESTION.] A corporation ~~or limited liability company~~ may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot unless otherwise prohibited by law, or to express its views on issues of public concern. A corporation ~~or limited liability company~~ may not make a contribution to a candidate for nomination, election, or appointment to a

political office or to a committee organized wholly or partly to promote or defeat a candidate.

Subd. 5. [NEWS MEDIA.] This section does not prohibit publication or broadcasting of news items or editorial comments by the news media.

Subd. 6. [PENALTY FOR INDIVIDUALS.] An officer, manager, stockholder, member, *partner*, agent, employee, attorney, or other representative of a corporation or ~~limited liability company~~ acting in behalf of the corporation or ~~limited liability company~~ who violates this section may be fined not more than \$20,000 or be imprisoned for not more than five years, or both.

Subd. 7. [PENALTY FOR CORPORATIONS OR ~~LIMITED LIABILITY COMPANIES~~.] A corporation or ~~limited liability company~~ convicted of violating this section is subject to a fine not greater than \$40,000. A convicted domestic corporation or ~~limited liability company~~ may be dissolved as well as fined. If a foreign or nonresident corporation or ~~limited liability company~~ is convicted, in addition to being fined, its right to do business in this state may be declared forfeited.

Subd. 8. [PERMITTED ACTIVITY; POLITICAL PARTY.] It is not a violation of this section for a political party, as defined in section 200.02, subdivision 7, to form a nonprofit corporation for the sole purpose of holding real property to be used exclusively as the party's headquarters.

Subd. 9. [MEDIA PROJECTS.] It is not a violation of this section for a corporation or ~~limited liability company~~ to contribute to or conduct public media projects to encourage individuals to attend precinct caucuses, register, or vote if the projects are not controlled by or operated for the advantage of a candidate, political party, or committee.

Subd. 10. [MEETING FACILITIES.] It is not a violation of this section for a corporation or ~~limited liability company~~ to provide meeting facilities to a committee, political party, or candidate on a nondiscriminatory and nonpreferential basis.

Subd. 11. [MESSAGES ON PREMISES.] It is not a violation of this section for a corporation or ~~limited liability company~~ selling products or services to the public to post on its public premises messages that promote participation in precinct caucuses, voter registration, or elections if the messages are not controlled by or operated for the advantage of a candidate, political party, or committee.

Subd. 12. [REPORTS REQUIRED.] The total amount of an expenditure or contribution for any one project permitted by subdivisions 9 and 11 that is more than \$200, together with the date, purpose, and the names and addresses of the persons receiving the contribution or expenditures, must be reported to the secretary of state. The reports must be filed on forms provided by the secretary of state on the dates required for committees under section 211A.02. Failure to file is a misdemeanor.

Subd. 13. [AIDING VIOLATION; PENALTY.] An individual who aids, abets, or advises a violation of this section is guilty of a gross misdemeanor.

Subd. 14. [PROSECUTIONS; VENUE.] Violations of this section may be prosecuted in the county where the payment or contribution was made, where services were rendered, or where money was paid or distributed.

*Subd. 15. [ADMINISTRATIVE COSTS.] It is not a violation of this section for a corporation to advance up to \$10,000 in direct and indirect administrative costs to establish a political committee or fund, but contributions to the committee or fund must first be used to reimburse the corporation for those start-up administrative costs before being used for any other purpose.*

*Subd. 16. [POLITICAL CORPORATIONS.] The prohibitions in this section do not apply to a nonprofit corporation that:*

*(1) was formed for the express purpose of promoting political ideas and cannot engage in business activities;*

*(2) has no shareholders or other persons affiliated so as to have a claim on its assets or earnings; and*

*(3) was not established by a business corporation or a labor union and has a policy not to accept contributions from those entities.*

Sec. 44. Minnesota Statutes 1992, section 290.06, subdivision 23, is amended to read:

**Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.]** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed \$50 and, for a married couple filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair, *after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the ethical practices board upon its request.* A claim must be filed with the commissioner not sooner than January 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political

party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) *The commissioner shall report to the ethical practices board by August 1 of each year a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.*

(f) (g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

#### Sec. 45. [APPROPRIATION.]

*\$. . . . . is appropriated from the general fund to the board to pay public subsidies for election campaigns as provided in this act, to be available until June 30, 1995. If this appropriation is vetoed, this act is void.*

#### Sec. 46. [TRANSITION.]

*All spending limit agreements filed with the ethical practices board before the effective date of this act are void, and all eligibility for continued public subsidies under Minnesota Statutes, chapter 10A or 290, is ended. The new expenditure limits and eligibility for a public subsidy under this act apply to candidates who sign and file with the ethical practices board a new spending limit agreement under this act after its effective date. Contributions to a candidate that were made before the effective date of this act and were lawful when made need not be refunded, even though they exceed the new limit on contributions to the candidate for the 1994 election cycle.*

#### Sec. 47. [REPEALER.]

*Minnesota Statutes 1992, section 10A.31, subdivisions 8 and 9, are repealed.*

#### Sec. 48. [EFFECTIVE DATE.]

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

Delete the title and insert:

*"A bill for an act relating to campaign reform; defining certain terms; counting certain constituent services as a campaign expenditure; banning*

lobbyist contributions before a legislative session; banning caucus fundraisers before or during a legislative session; prohibiting earmarked contributions; prohibiting "friends of" committees; modifying campaign finance reporting requirements; requiring prompt notice of independent expenditures; reducing campaign contribution and spending limits, except when needed to counter independent expenditures or to assist first-time candidates; limiting use of contributions carried forward; limiting bundled contributions; prohibiting certain transfers to and from a candidate's principal campaign committee; prohibiting candidates who receive a public subsidy from accepting contributions from lobbyists, political committees, or political funds, other than political parties; eliminating public subsidies to certain unopposed candidates; providing for a public subsidy to match in-district contributions; clarifying filing requirements for candidate agreements and the duration of the agreements; requiring return of public subsidies under certain conditions; requiring certain candidates to return their public subsidy; requiring certain disclaimers; prohibiting conversion of campaign funds to personal use; imposing contribution limits on candidates for local offices; prohibiting political contributions by certain nonprofit corporations and partnerships; requiring a report of candidates on whose behalf political contributions have been refunded by the state; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivisions 10b, 10c, and by adding subdivisions; 10A.065, subdivisions 1 and 5; 10A.12, subdivision 5; 10A.15, by adding subdivisions; 10A.16; 10A.17, subdivision 5; 10A.19, subdivision 1; 10A.20, subdivision 3, and by adding a subdivision; 10A.24, subdivision 1; 10A.25, subdivisions 2, 6, 10, and by adding subdivisions; 10A.27, subdivisions 1, 2, 9, and by adding subdivisions; 10A.28, subdivision 2; 10A.31, subdivisions 5, 6, 7, 10, and by adding a subdivision; 10A.315; 10A.322, subdivisions 1 and 2; 10A.323; 10A.324, subdivision 3, and by adding a subdivision; 211B.04; 211B.12; 211B.15; and 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapters 10A; and 211A; repealing Minnesota Statutes 1992, section 10A.31, subdivisions 8 and 9."

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 29: A bill for an act relating to education; establishing a youth apprenticeship program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 126.

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

Delete everything after the enacting clause and insert:

"Section 1. [126B.01] [PURPOSE.]

*To better prepare all learners to make transitions between education and employment, a comprehensive system is established to:*

*(1) assist individuals in planning their futures by providing counseling and information about career opportunities;*

*(2) integrate opportunities for work-based learning, including occupation-specific apprenticeship programs, into the curriculum;*

(3) *promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and*

(4) *expand educational options available to students through collaborative efforts between secondary institutions, post-secondary institutions, business, industry, labor, and other interested parties.*

**Sec. 2. [126B.02] [EDUCATION TO EMPLOYMENT TRANSITIONS COUNCIL.]**

(a) *The education to employment transitions council is established. Members of the council shall include the governor or the governor's designee, the commissioner of education, the commissioner of labor and industry, the commissioner of human services, the commissioner of jobs and training, the chancellor of the community college system, the chancellor of the technical college system, a representative of the higher education coordinating board, the executive director of the state council of vocational technical education, a representative of business, a representative of organized labor, and a representative of Minnesota Technology, Inc.*

(b) *The council shall:*

(1) *identify changes that must be made in post-secondary guidance and counselor preparation programs to facilitate workforce development;*

(2) *identify means of implementing career awareness and counseling at the elementary level, secondary level, and post-secondary level;*

(3) *ensure that graduation standards are met;*

(4) *identify means of using labor market forecasting to assist individuals engaged in career counseling;*

(5) *delineate the role of elementary schools, secondary schools, post-secondary institutions, employers, state agencies, and organized labor in the activities under this act;*

(6) *develop plans to meet the unique needs of sparsely populated areas in establishing a comprehensive youth apprenticeship program;*

(7) *develop plans to meet the unique needs of metropolitan areas in establishing a comprehensive youth apprenticeship program;*

(8) *advise the department of education concerning the implementation of a comprehensive youth apprenticeship program;*

(9) *approve industry and occupational skill standards recommended by the skills standards committees; and*

(10) *ensure that the comprehensive youth apprenticeship program established is consistent with state and federal education, labor, and job training policies.*

**Sec. 3. [126B.03] [COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAM.]**

(a) *The department of education, under the auspices of the education to employment transitions council, shall establish a comprehensive youth apprenticeship program to better prepare all learners to make transitions between education and employment.*

*(b) A comprehensive youth apprenticeship program:*

*(1) includes an organized sequence of career awareness, career information, and career counseling activities, beginning in the elementary grades and progressing through a student's high school years;*

*(2) is available to high school juniors and seniors who meet the criteria established by a particular apprenticeship program;*

*(3) provides a continuous curricular sequence that integrates academic and technical preparation with work-based learning, and a year-round employment experience;*

*(4) provides an industry-approved work-based learning and year-round employment experience;*

*(5) provides ongoing feedback to the student on the student's performance in both the academic and work-based learning components of the program; and*

*(6) allows a student to participate in the program for two to four years.*

*(c) Students participating in a two-year program shall receive a high school diploma and an industry-approved occupational credential, and have the following options: entry-level employment, eligibility for advanced placement in a voluntary apprenticeship program, or admission to a post-secondary institution. Students participating in the four-year program shall receive an associate degree and an industry-approved occupational credential.*

**Sec. 4. [126B.04] [INDUSTRY AND OCCUPATIONAL SKILLS STANDARDS COMMITTEES.]**

*(a) The education to employment transitions council shall establish and convene committees to develop and recommend industry and occupational skill standards for the industries in which apprentices are placed.*

*(b) Committee membership shall consist of industry and trade representatives, employer representatives, and educators familiar with the skills, knowledge, and competencies of the industry. The council shall determine the membership of each committee they establish.*

*(c) Each committee shall:*

*(1) establish the terms of each apprenticeship experience including a probationary period;*

*(2) identify the current and future skill needs of occupations selected for inclusion in the apprenticeship program;*

*(3) make recommendations on compensation for students participating in the program;*

*(4) delineate the eligibility criteria that must be met by applicants to a youth apprenticeship program;*

*(5) identify how a student's abilities will be assessed upon admission to the program, during the program, and at the conclusion of the program;*

*(6) specify the courses a student must take and the duration and nature of the worksite experience;*

- (7) determine the components of the training program for industry trainers;
- (8) identify job sites for apprenticeships within each industry;
- (9) establish competencies that must be demonstrated by student apprentices upon completion of the program;
- (10) delineate means of integrating academic and technical preparation into youth apprenticeship programs; and
- (11) develop an agreement to be signed by each participant that delineates, at a minimum:
  - (i) the goals a student must meet as a condition of successfully completing the program;
  - (ii) the manner in which a student's performance will be evaluated;
  - (iii) a timetable of program activities;
  - (iv) services and experiences to be provided by the employer; and
  - (v) the terms of the apprenticeship experience.

**Sec. 5. [126B.05] [PILOT COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAMS.]**

*The department of education shall award up to five planning and implementation grants to establish comprehensive youth apprenticeship programs. By September 1, 1993, the commissioner of education, with the assistance of the education to employment transitions council, shall establish criteria for evaluating grant proposals. The criteria established shall include the components outlined in section 3. The commissioner of education shall develop and publicize the grant application process. The education to employment transitions council shall review and comment on the proposals submitted.*

*When the youth apprenticeship program is implemented student funding shall be determined according to section 123.3514.*

**Sec. 6. [126B.06] [GENERAL PROVISIONS.]**

*(a) All state and federal laws relating to workplace health and safety shall apply to youth apprenticeships.*

*(b) The employment of a youth apprentice must not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed worker.*

**Sec. 7. [126B.07] [ENTREPRENEUR SCHOLARSHIP PROGRAM.]**

*An entrepreneur scholarship program is established. The higher education coordinating board may provide grants to a student or a group of students to facilitate the integration of academic and entrepreneurial skills. Each Minnesota public post-secondary campus shall receive a grant for an entrepreneur scholarship.*

**Sec. 8. [126B.08] [ELIGIBILITY.]**

*To be eligible to receive a grant, a student must:*

- (1) be a resident of the state of Minnesota;*

(2) be enrolled at least half time at a Minnesota public post-secondary campus; and

(3) submit a proposal to a knowledgeable review committee selected by the president of each Minnesota public post-secondary campus describing the entrepreneurial project to be undertaken.

Sec. 9. [126B.09] [PROPOSAL CONTENT.]

A proposal submitted by a student or group of students under section 8 must be evaluated using the following criteria:

(1) the prospect for job creation if the proposal were implemented on a broad scale basis;

(2) the degree of creativity demonstrated in development of the project;

(3) the potential success of the project;

(4) demonstration of the practical application of academic knowledge; and

(5) the originality of the project."

Delete the title and insert:

"A bill for an act relating to education; establishing a comprehensive youth apprenticeship system; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 126B."

And when so amended the bill do pass and be re-referred to the Committee on Jobs, Energy and Community Development.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

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

H.F. No. 295: A bill for an act relating to utilities; authorizing utilities to make automatic annual rate adjustments for costs of conservation improvements; amending Minnesota Statutes 1992, section 216B.16, subdivision 6b.

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. 645: A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1992, sections 222.86, subdivision 3; 222.87, by adding a subdivision; and 222.88.

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

Page 2, line 13, delete " , 2, or 2a" and insert "or 2"

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

H.F. No. 185: A bill for an act relating to utilities; prohibiting state permits for construction of certain hydropower facilities on the bluffs of the Mississippi river; proposing coding for new law in Minnesota Statutes, chapter 216B.

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. 675: A bill for an act relating to housing; changing the property tax classification of certain lease purchase property; providing that a housing and redevelopment authority may make down payment assistance loans; changing minimum amounts for certain contract letting procedures; changing requirements for general obligation revenue bonds; amending Minnesota Statutes 1992, sections 273.13, subdivision 25; 469.012, by adding a subdivision; 469.015, subdivisions 1 and 2; and 469.034, subdivision 2.

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

Page 9, after line 11, insert:

"Sec. 2. Minnesota Statutes 1992, section 469.005, subdivision 1, is amended to read:

Subdivision 1. [COUNTY AND MULTICOUNTY AUTHORITIES.] The area of operation of a county authority shall include all of the county for which it is created, and in case of a multicounty authority, it shall include all of the political subdivisions for which the multicounty authority is created; provided, that a county authority or a multicounty authority shall not undertake any project within the boundaries of any city which has not empowered the authority to function therein as provided in section 469.004 unless a resolution has been adopted by the governing body of the city, and by any authority which has been established in the city, declaring that there is a need for the county or multicounty authority to exercise its powers in the city. A resolution is not required for the operation of a section 8 program or a public housing scattered site project."

Page 12, line 18, delete "2" and insert "3"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "469.005, subdivision 1;"

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

S.F. No. 932: A bill for an act relating to economic development; requiring

a report from the department of trade and economic development; amending Minnesota Statutes 1992, section 116J.58, subdivision 1.

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

Page 3, delete lines 30 to 36 and insert:

*“(17) prepare, as part of biennial budget process with an annual interim summary for the legislature, performance measures for each business loan or grant program within the jurisdiction of the commissioner. Measures would include source of funds for each program, numbers of jobs proposed or promised at the time of application and the number of jobs created, estimated number of jobs retained, the average salary and benefits for the jobs resulting from the program, estimated number of jobs displaced, if any, and the number of projects approved”*

Page 4, lines 1 to 7, delete the new language

Page 4, after line 7, insert:

“Sec. 2. [116J.581] [COMPETITIVENESS TASK FORCE.]

*Subdivision 1. [CREATION.] There is created a permanent task force on the state's economic future and competitiveness. The task force is composed of the governor (ex officio); the commissioners of the departments of jobs and training, trade and economic development, commerce, and labor and industry; the chancellor of the higher education board; the president of the largest statewide Minnesota organized labor organization as measured by the number of its members in affiliated labor organizations; the deans of the business schools at the University of Minnesota and St. Thomas University and the Hubert H. Humphrey Institute of Public Affairs; the science and technology advisor to the governor; six representatives from private sector businesses appointed by the governor, two from companies with more than 1,000 employees, two from companies with 101 to 1,000 employees, and two from companies with less than 100 employees; two members representing environmental interests; and designees of the majority leader of the senate and the minority leader of the house of representatives. The chair of the task force shall be elected by the members from the private sector members. Terms of private sector members shall be for a minimum of three years and a maximum of five years.*

*Subd. 2. [DUTIES.] The task force shall:*

*(1) monitor implementation of the state's economic blueprint, particularly as it pertains to the long-range competitiveness of Minnesota's companies, published by the department of trade and economic development in November 1992;*

*(2) issue long-range policy recommendations for the state to achieve its long-range economic goals;*

*(3) hold periodic forums and symposiums involving renowned experts in areas pertaining to economic development and job creation;*

*(4) meet on call of the chair to receive reports and to provide ongoing counsel and advice to the legislature and the commissioner of trade and economic development;*

(5) make recommendations as to modification or numeric changes in the economic blueprint to maintain its relevance and significance;

(6) ensure that goals, proposals, and recommendations should be quantified to the extent possible;

(7) utilize modern modeling tools to determine the long-range competitive impact of past, present, and proposed legislative action; and

(8) scrutinize all legislation that can impact the state's economic future or the competitiveness of Minnesota enterprise.

Subd. 3. [REPORTS.] *The task force shall make annual reports to the governor and legislature on or before February 1. The first report is due by February 1, 1994.*

Subd. 4. [CONTINUATION OF TASK FORCE.] *The task force shall not expire but shall continue until terminated by a law specifically terminating it."*

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "creating a task force on the state's economic future and competitiveness;"

Page 1, line 5, after "1" insert "; proposing coding for new law in Minnesota Statutes, chapter 116J"

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. 355: A bill for an act relating to economic development; authorizing planning and final system design for connecting rural southwest Minnesota water systems to a federal water system; appropriating money.

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.

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

S.F. No. 537: A bill for an act relating to economic development; providing for creation of enterprise zones; providing incentives for business to locate within an enterprise zone; proposing coding for new law in Minnesota Statutes, chapter 469.

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

Page 1, line 16, delete "Minneapolis or Saint Paul" and insert "a city of the first class as defined in section 410.01 and a city of the second class that is designated as an economically depressed area by the United States Department of Commerce"

Page 3, line 17, delete "ten" and insert "five"

Page 5, line 24, delete "and" and insert a comma and before the period, insert "*, South Saint Paul, and Duluth*"

Page 5, line 27, delete "*measurable*" and insert "*contribution equal to at least ten percent of the state tax credits*"

Page 5, line 28, delete "*local contribution*"

Page 5, line 31, delete everything before the first comma

Page 6, delete lines 1 to 4

Page 6, line 5, delete "3" and insert "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. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 970: A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; requiring rulemaking; providing for a rulemaking exemption; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; and 216B.2421, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 216B.

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 216B.164, subdivision 4, is amended to read:

Subd. 4. [PURCHASES; WHEELING.] (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40 kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs ~~including the value of environmental costs avoided by the qualifying facility considered appropriate by the commission. To the extent possible, the commission shall quantify and value all environmental costs associated with each method of electricity generation as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower.~~

(c) For all qualifying facilities having 30 kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion

anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 2. Minnesota Statutes 1992, section 216B.2421, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definition in this section applies to this section and sections 216B.2422 and ~~section~~ 216B.243.

Sec. 3. [216B.2422] [RESOURCE PLANNING; RENEWABLE ENERGY.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

- (1) wind;
- (2) solar;
- (3) geothermal;
- (4) hydro; or
- (5) trees or other vegetation.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

Subd. 2. [PLAN FILING AND APPROVAL.] A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission may approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest. In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all new and

refurbished capacity needs through a combination of conservation and renewable energy resources.

*Subd. 3. [ENVIRONMENTAL COSTS.] (a) The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.*

*(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).*

*Subd. 4. [RENEWABLE PREFERENCE.] The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest.*

*Subd. 5. [BIDDING.] A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 in evaluating bids submitted in a process established under this subdivision.*

*Subd. 6. [CONSOLIDATION OF RESOURCE PLANNING AND CERTIFICATE OF NEED.] A utility shall indicate in its resource plan whether it intends to site or construct a large energy facility. If the utility's resource plan includes a proposed large energy facility and construction of that facility is likely to begin before the utility files its next resource plan, the commission shall conduct the resource plan proceeding consistent with the requirements of section 216B.243 with respect to the proposed facility. If the commission approves the proposed facility in the resource plan, a separate certificate of need proceeding is not required."*

Delete the title and insert:

*"A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; and 216B.2421, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 216B."*

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

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

S.F. No. 840: A bill for an act relating to mental health; authorizing interstate contracts between Wisconsin and Minnesota for the treatment of mentally ill persons who have been involuntarily committed; amending

Minnesota Statutes 1992, section 245.50, subdivision 3, and by adding a subdivision.

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

Page 1, line 17, reinstate the stricken "have been committed involuntarily"

Page 1, line 18, strike "will be receiving treatment for" and insert "*in Minnesota under chapter 253B for treatment of mental illness or*"

Page 2, line 2, after "ill" insert "*or chemically dependent*"

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

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

S.F. No. 237: A bill for an act relating to agriculture; directing the commissioner of agriculture to promote farming of cervidae and maintain a data base on research and information; declaring farmed cervidae to be livestock and raising farmed cervidae to be an agricultural pursuit; prohibiting owners from allowing farmed cervidae to run at large; prescribing conditions for slaughter and sale of farmed cervidae as meat, fencing requirements, disease inspection, importation, and transportation requirements; requiring identification; prescribing conditions for farming cervidae; defining cervidae farming as agricultural production for purposes of sales tax; defining fencing for purposes of sales tax; amending Minnesota Statutes 1992, sections 17A.03, subdivision 5; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; and 297A.01, subdivisions 13 and 15; 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 6 and 7, delete sections 8 and 9

Page 7, delete line 35

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 12, delete "defining cervidae"

Page 1, delete lines 13 and 14

Page 1, line 17, after the first semicolon, insert "and" and delete "and 297A.01,"

Page 1, line 18, delete "subdivisions 13 and 15;"

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

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

S.F. No. 278: A bill for an act relating to alcoholic beverages; increasing the sales tax rate on alcoholic beverages to ten percent; providing for the

dedication of a portion of the revenues from the sales tax on alcoholic beverages to the chemical dependency treatment account; eliminating requirements for a sliding fee schedule for persons eligible for chemical dependency fund services; amending Minnesota Statutes 1992, sections 254B.02, subdivision 1; 254B.04, subdivision 1; 297A.02, subdivision 3; and 297A.44, subdivision 1; repealing Minnesota Statutes 1992, section 254B.04, subdivision 3.

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

Pages 1 and 2, delete section 1

Pages 3 to 5, delete sections 3 and 4

Page 5, line 21, delete "to 3" and insert "and 2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete lines 2 to 6 and insert "relating to human services; eliminating"

Page 1, line 9, delete "sections 254B.02,"

Page 1, line 10, delete the first "subdivision 1;" and insert "section" and delete "297A.02,"

Page 1, line 11, delete "subdivision 3; and 297A.44, subdivision 1;"

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 1407: A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137.

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

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### APPROPRIATIONS

#### Section 1. HIGHER EDUCATION APPROPRIATIONS

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "1994" or "1995" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1994, or June 30, 1995,

respectively. "The first year" is fiscal year 1994. "The second year" is fiscal year 1995. "The biennium" is fiscal years 1994 and 1995.

## SUMMARY BY FUND

	1994	1995	TOTAL
General	\$1,008,550,000	\$1,014,034,000	\$2,022,584,000
Health Care Access	2,509,000	2,678,000	5,187,000
TOTAL	\$1,011,059,000	\$1,016,712,000	\$2,027,771,000

## SUMMARY BY AGENCY - ALL FUNDS

	1994	1995	TOTAL
Higher Education Coordinating Board	122,353,000	129,108,000	251,461,000
State Board of Technical Colleges	165,554,000	165,527,000	331,081,000
State Board for Community Colleges	96,032,000	99,358,000	195,390,000
State University Board	176,397,000	172,818,000	349,215,000
Board of Regents of the University of Minnesota	449,005,000	447,945,000	896,950,000
Mayo Medical Foundation	808,000	809,000	1,617,000
Higher Education Board	910,000	1,147,000	2,057,000

APPROPRIATIONS  
Available for the Year  
Ending June 30  
1994 1995

## Sec. 2. HIGHER EDUCATION COORDINATING BOARD

Subdivision 1. Total Appropriation	\$ 122,353,000	\$ 129,108,000
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## Summary by Fund

General	122,121,000	128,787,000
Health Care Access	232,000	321,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

## Subd. 2. Agency Administration

3,357,000	3,307,000
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## Summary by Fund

General	3,307,000	3,307,000
Health Care Access	50,000	-0-

The higher education coordinating board, in cooperation with the commissioner of finance and the commissioner of revenue,

shall determine if there is an economically feasible way to encourage families to save money for their children's education. Particular effort shall be directed at the education savings plan account as contained in S.F. No. 468 and S.F. No. 1346 to determine if the tax revenue losses predicted in the fiscal notes are accurate, and if the benefits to an individual and the state are of greater value than the state's lost revenues. The higher education coordinating board shall report its findings to the governor and the education and tax committees of the legislature before September 15, 1993. The report shall include specific options for financing the recommendations, any necessary tax form and instruction changes, and any other information necessary for the proposals to be enacted into law.

The higher education coordinating board is authorized to enter into a reciprocity agreement with the province of Ontario.

#### Subd. 3. State Grants

98,472,000      98,461,000

#### Summary by Fund

General	98,290,000	98,140,000
Health Care Access	182,000	321,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

The legislature intends that the higher education coordinating board make full grant awards in each year of the biennium.

The higher education coordinating board shall review the impact of the 1991 law change for the state grant program to determine the scholastic impact on students as a result of the changing of the definition of a full-time student from 12 credits to 15 credits. The results of the review shall be included in the 1995 biennial budget document.

This appropriation contains \$4,033 each year for living allowances for state grants.

This appropriation includes \$250,000 each year for grants to nursing programs

to train persons of color and to nursing students who are persons of color. Other than the grants to students, all grants shall be matched with at least the same amount from grantee sources or nonstate money.

This appropriation includes \$250,000 each year for grants to programs to train teachers of color and to students of color who will enter the teaching profession. Other than the grants to students, all grants shall be matched with at least the same amount from grantee sources or nonstate money.

This appropriation includes \$350,000 for the biennium for the purposes of S.F. No. 29. \$100,000 of that sum is for entrepreneur scholarships to be distributed by the higher education coordinating board, and \$250,000 is for pilot apprenticeship programs to be administered and disbursed by the department of education. The department of finance shall allocate the \$250,000 to the department of education.

Subd. 4. Interstate Tuition Reciprocity

5,050,000      5,050,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 5. State Work Study

7,819,000      7,819,000

Subd. 6. Minitex Library Program

2,063,000      2,063,000

Subd. 7. Minnesota Educational Network

For the Minnesota educational network:

5,592,000      12,408,000

(1) \$642,000 the first year and \$1,028,000 the second year is to establish the higher education instructional telecommunications network created in article 2, section 2.

(2) \$1,000,000 the first year and \$2,000,000 the second year is for grants for regional linkages in article 2, section 3.

(3) \$700,000 each year is for grants for regional coordination in article 2, section 4.

(4) \$3,000,000 the first year and \$8,430,000 the second year is for grants in article 2, section 5, for providing classes using new and existing courseware, for courseware development, and for higher education coordinating board administrative costs.

(5) \$250,000 each year is for faculty training grants in article 2, section 6.

The appropriations in this subdivision may be transferred among the clauses.

#### Subd. 8. Balances Forward

An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

#### Subd. 9. Transfers

The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation.

### Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

#### Subdivision 1. Total Appropriation

165,554,000

165,527,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

#### Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$226,346,000 the first year and \$226,097,000 the second year.

\$2,588,000 each year is for quality initiatives.

The legislature intends that the appropriation for extension programs be used primarily to support occupational programs.

The legislature recognizes the importance of each faculty member's contributions in the classroom, and is aware of the profound effect a quality teacher has on a student's learning. The legislature encourages the state board of technical colleges to place greater emphasis on the teaching

mission at each campus of the technical college system.

#### Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$1,727,000 the first year and \$1,686,000 the second year.

\$462,000 the first year and \$421,000 the second year are for debt service payments to school districts for technical college buildings financed with district bonds issued before January 1, 1979.

\$230,000 each year is for southwest Asia veterans tuition relief.

#### Subd. 4. State Council on Vocational Technical Education

\$99,000 each year must be allocated by the state board to the state council on vocational education.

### Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

#### Subdivision 1. Total Appropriation

96,032,000

99,358,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

#### Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$129,515,000 the first year and \$134,399,000 the second year.

\$1,665,000 each year is for quality initiatives.

The legislature recognizes the importance of each faculty member's contributions in the classroom, and is aware of the profound effect a quality teacher has on a student's learning. The legislature encourages the community college board to place greater emphasis on the teaching mission at each campus of the community college system.

#### Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$22,229,000

the first year and \$22,229,000 the second year.

#### Sec. 5. STATE UNIVERSITY BOARD

##### Subdivision 1. Total Appropriation

176,397,000

172,818,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

##### Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$242,774,000 the first year and \$237,435,000 the second year.

\$2,982,000 each year is for quality initiatives.

Notwithstanding Minnesota Statutes, section 136.09, subdivision 3, during the biennium neither the state university board nor the state university campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house of representatives and senate committees on education, finance, and ways and means.

The legislature recognizes the importance of each faculty member's contributions in the classroom, and is aware of the profound effect a quality teacher has on a student's learning. The legislature encourages the state university board to place greater emphasis on the teaching mission at each campus of the state university system.

The state university board shall review the internal allocation formula used to distribute the appropriations which the board receives from the legislature to each of its campuses. The board shall determine if any inequities exist in that formula, particularly those which negatively impact the Winona and Rochester campuses. The board may modify the formula, if necessary, to rectify the inequities. Any savings which can be accrued from eliminating program duplication, administrative inefficiencies, or other cost reduction shall be redirected to improving programs, acquiring better equipment, and improving the retention and graduation rates.

## Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$26,654,000 the first year and \$26,654,000 the second year.

## Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation	449,005,000	447,945,000
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## Summary by Fund

General	446,728,000	445,588,000
Health Care Access	2,277,000	2,357,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	366,128,000	365,068,000
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## (a) Instructional Expenditures

The legislature estimates that instructional expenditures will be \$389,117,000 the first year and \$387,551,000 the second year.

\$7,584,000 each year is for quality initiatives.

The legislature recognizes the importance of each faculty member's contributions in the classroom, and is aware of the profound effect a quality teacher has on a student's learning. The legislature encourages the board of regents of the University of Minnesota to place greater emphasis on the teaching mission at each campus of the University of Minnesota.

## (b) Noninstructional Expenditures

## Summary by Fund

General	103,048,000	103,048,000
Health Care Access	2,277,000	2,357,000

The legislature estimates that noninstructional expenditures will be \$116,566,000 the first year and \$116,646,000 the second year.

Subd. 3. Special Appropriation	82,877,000	82,877,000
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The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1995 biennial budget document.

(a) Agriculture and Extension Service

44,497,000      44,497,000

This appropriation is for the Agriculture Research and Minnesota Extension Service.

Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

(b) Health Sciences

16,658,000      16,658,000

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, and the Biomedical Engineering Center.

(c) Institute of Technology

2,891,000      2,891,000

This appropriation is for the Geological Survey, Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Productivity Center.

(d) System Specials

18,831,000      18,831,000

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process

Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs, Museum of Natural History, and the Humphrey Exhibit.

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Education Amendments of 1972 and Minnesota Statutes, section 126.21. The women's athletic program shall be funded by the formula allowance or a minimum of \$65,000 per campus per year. Each campus will receive the greater of the two calculations.

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	\$551,600	\$551,600
Morris	\$ 66,100	\$ 66,100
Crookston	\$ 65,000	\$ 65,000

#### Sec. 7. MAYO MEDICAL FOUNDATION

##### Subdivision 1. Total Appropriation

808,000      809,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

##### Subd. 2. Medical School

504,000      474,000

The state of Minnesota shall pay a capitation of \$9,875 per year for each student who is a resident of Minnesota.

This appropriation provides capitation for 15 Minnesota residents in each of the four classes at Mayo Medical School. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors as identified by the higher education coordinating board.

**Subd. 3. Family Practice and Graduate  
Residency Program**

304,000      335,000

The state of Minnesota shall pay a capitation of \$15,222 each year for a maximum of 20 students in the first year and 22 in the second year.

**Sec. 8. HIGHER EDUCATION BOARD**

910,000      1,147,000

The appropriation in fiscal year 1993 for the operation of the higher education board shall not cancel, but shall be available for fiscal year 1994.

Any unexpended balance remaining in the first year shall not cancel, but is available for the second year.

Notwithstanding Minnesota Statutes, section 136E.01, by August 31, 1993, the governor shall appoint one student from the state university system, one student from the community college system, and one student from the technical college system to the higher education board. The terms of the appointments shall expire June 30, 1995.

**Sec. 9. POST-SECONDARY SYSTEMS**

**Subdivision 1. Anticipated Tuition Rates**

The legislature provided full funding for each post-secondary system, using the formula contained in Minnesota Statutes, section 135A.03. Based on the amount of the state appropriation and that formula, the legislature does not anticipate a need for tuition rates to increase from the current rate for any of the systems in the 1994 and 1995 school years.

**Subd. 2. Quality Initiatives**

**(a) System Initiatives**

The legislature recognizes each post-secondary systems' initiatives to improve quality, namely, access to excellence, Q-7, student success, and campaign 2001, and urges their continuation and refinement.

**(b) Legislative Initiatives**

The legislature requests each post-sec-

ondary governing board to utilize the money provided for quality initiatives to:

- (1) procure better equipment;
- (2) reduce class sizes;
- (3) improve retention rates; and
- (4) shorten the time to graduation.

(c) Report

By January 15, 1995, each system must provide a succinct report in the 1995 biennial budget document on the results of the quality initiatives.

Subd. 3. Degree, Diploma, or Certificate Requirements

The legislature recognizes the changing demographics of the students in the public post-secondary systems. The public post-secondary governing boards are requested to review the requirements for receipt of a degree, diploma, or certificate. During that review, the boards are requested to eliminate those requirements which are not essential to a student's mastery of a given subject area, and thereby reduce the number of credits and time required to receive the degree, diploma, or certificate. Each system shall report to the higher education coordinating board by November 15, 1993, on the results of the action. The higher education coordinating board shall report in summary form to the education committees by January 15, 1994.

Subd. 4. 1995-1997 Budget Requests

In preparing budget requests for the 1995-1997 biennium, the commissioner of finance shall make the same categories of base level adjustments, when reasonable and equitable, to the budgets of higher education systems as to the budgets of state agencies. The amounts and the purposes must be delineated in the 1995 biennial budget document.

Sec. 10. Minnesota Statutes 1992, section 136A.101, subdivision 1, is amended to read:

Subdivision 1. For purposes of sections 136A.095 to ~~136A.134~~ 136A.132, the terms defined in this section have the meanings ascribed to them.

Sec. 11. [136A.136] [AKITA GRANTS.]

*The higher education coordinating board may provide grants to Minnesota resident students participating in the Akita program. Grants must be awarded on the same basis as other state grants, except that the cost of attendance must be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant maximum award for a student at a four-year private college.*

Sec. 12. [136A.147] [INCOME CONTINGENT LOANS.]

*The higher education coordinating board shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. Applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program under section 136A.162.*

Sec. 13. Minnesota Statutes 1992, section 136C.61, subdivision 7, is amended to read:

Subd. 7. [MEETINGS.] Notwithstanding any law to the contrary, the joint board may hold meetings at any location convenient to the member districts and the public, whether or not that meeting site is located within the boundaries of a member district. The joint board may also conduct meetings via interactive television or teleconferencing if the board complies with section 471.705 in each location where board members are present. The joint board shall establish and maintain a schedule of the time and place of its meetings and shall give notice of regular and special meetings in the same manner as required for other public bodies.

Sec. 14. [137.41] [INDIRECT COST RECOVERIES.]

*Indirect cost recovery money received by the University of Minnesota must be used exclusively for the direct support of research or the financing of support activities directly contributing to the receipt of indirect cost recovery money. It may be used for debt retirement for research-related buildings. It may not be used for teaching or service.*

Sec. 15. [REPEALER.]

*Minnesota Statutes 1992, section 136A.134, is repealed.*

## ARTICLE 2

### MINNESOTA EDUCATIONAL NETWORK

Section 1. [PURPOSE.]

*The purpose of sections 1 to 6 is to expand the availability of a broad range of courses and degrees to students throughout the state to improve access, quality, and efficiency by enhancing and expanding the use of telecommunications and other instructional technologies in higher education.*

Sec. 2. [STATEWIDE TELECOMMUNICATIONS NETWORK.]

Subdivision 1. [ESTABLISHMENT.] *A higher education instructional telecommunications network is established to provide a statewide interconnection of regional interactive instructional video networks. The higher*

*education instructional telecommunications network shall use the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources.*

*Subd. 2. [HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall administer the higher education instructional telecommunications network. The board shall convene the higher education instructional telecommunications council.*

*Subd. 3. [NETWORK COUNCIL.] The higher education instructional telecommunications network council shall be composed of: two representatives selected by each public higher education system, one private college representative selected by the Minnesota private college council, the commissioner of education or designee to represent K-12 education, and one higher education coordinating board representative. The council shall:*

*(1) develop a vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;*

*(2) develop educational policy for matters affecting the network;*

*(3) determine priorities for network use;*

*(4) oversee coordination of network activity with campuses, K-12 education, and regional educational telecommunications networks; and*

*(5) determine priorities for grant funding proposals.*

### **Sec. 3. [REGIONAL LINKAGES.]**

*Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to regional organizations of higher education institutions to establish or complete telecommunications links between campuses in the region.*

*The regional organizations shall use the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources.*

*Subd. 2. [APPLICATION PROCESS.] The higher education coordinating board shall develop and publicize the process by which regional organizations may apply for grants. The higher education instructional telecommunications network council shall review and comment on the proposals.*

*Subd. 3. [CRITERIA.] The higher education coordinating board shall evaluate proposals using the following criteria:*

*(1) evidence of cooperative arrangements with other post-secondary institutions and school districts in the geographic region;*

*(2) plans for shared classes and programs;*

*(3) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;*

*(4) evidence of a formal governing structure; and*

*(5) a plan to assume the ongoing costs following the initial development for the continued operation of the project.*

#### Sec. 4. [REGIONAL COORDINATION.]

*Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to regional organizations of higher education institutions to coordinate and manage regional telecommunications arrangements.*

*Subd. 2. [APPLICATION PROCESS.] The higher education coordinating board shall develop and publicize the process by which regional organizations may apply for grants. The higher education instructional telecommunications network council shall review and comment on the proposals.*

*Subd. 3. [CRITERIA.] The higher education coordinating board shall evaluate proposals using the following criteria:*

- (1) evidence of cooperative arrangements with other post-secondary institutions and school districts in the geographic region;*
- (2) plans for shared classes and programs;*
- (3) avoidance of program and course duplication;*
- (4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;*
- (5) a plan for development of a list of all courses available in the region for delivery at a distance;*
- (6) a plan for coordinating and scheduling courses;*
- (7) a plan for evaluation of costs, access, and outcomes; and*
- (8) a plan to assume the ongoing costs following the initial development for the continued operation of the project.*

#### Sec. 5. [COURSEWARE DEVELOPMENT AND USAGE.]

*Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to higher education systems, higher education institutions, or regional educational telecommunications networks for the development and use of courses to be delivered via telecommunications and other instructional technologies. Existing courseware, whether developed or purchased, that may be delivered via telecommunications, is eligible for grants. Grants shall be awarded in the following categories:*

- (1) development of credit courses for use primarily via telecommunications links within regions;*
- (2) development of credit courses for transmission between regions of the state; and*
- (3) development of courses that are based in part or entirely on the creative use of instructional technologies.*

*Subd. 2. [APPLICATION PROCESS.] The higher education coordinating board shall develop and publicize the process to apply for grants. The higher education instructional telecommunications network council shall review and comment on the proposals.*

*Subd. 3. [CRITERIA.] The higher education coordinating board shall evaluate proposals using the following criteria:*

(1) courses offered must be for credit and applicable to a degree or certificate;

(2) courses must include general distribution, upper division courses, or graduate courses;

(3) proposals must show evidence of improved efficiencies resulting from delivery of courses via instructional technologies;

(4) proposals must indicate how the ongoing costs of the project will be assumed by the program provider following initial development; and

(5) proposals must show how existing coursework will be used, in conjunction with coursework that will be developed, to enable more students to benefit from their services.

#### Sec. 6. [FACULTY DEVELOPMENT.]

*Subdivision 1. [GRANTS.] The higher education coordinating board shall award grants to higher education systems, higher education institutions, or regional educational telecommunications networks for the development of programs to assist faculty in learning the application of instructional telecommunications and other technologies. The higher education instructional telecommunications network council shall review and comment on the proposals.*

*Subd. 2. [APPLICATION PROCESS.] The higher education coordinating board shall develop and publicize the process to apply for grants and shall establish criteria for evaluating proposals. Proposals must include the development of programs to assist faculty in learning the application of instructional technologies or must provide incentives for involvement of faculty.*

#### Sec. 7. [EVALUATION.]

*The higher education coordinating board shall evaluate the results of the grants provided under sections 3 to 5 and make recommendations to the legislature and governor regarding future funding, the success rate of the various grants, and other relevant information by January 15, 1995.*

#### Sec. 8. [GRANT LIMITATIONS; PROPOSALS.]

*All grants shall be used for direct costs only and shall not include indirect costs. The higher education coordinating board shall advise grant applicants that funds used for regional linkages in section 3, regional coordination in section 4, and courseware usage in section 5, are for pilot projects. State funding for the pilot projects shall be for 90 percent of costs.*

### ARTICLE 3

#### STUDENT HOUSING

##### Section 1. [VERMILION COMMUNITY COLLEGE STUDENT HOUSING.]

*The state board for community colleges may acquire a site and construct, own, operate, furnish, and maintain one or more dormitories or other student residence facilities at Ely for the use and benefit of Vermilion Community College. Selection of a designer for the project is not subject to Minnesota Statutes, section 16B.33, subdivision 4. The higher education facilities*

authority may issue revenue bonds or other financial instruments for the facilities under Minnesota Statutes, sections 136A.25 to 136A.42, and the state board for community colleges may borrow the proceeds of the revenue bonds or other financial instruments to finance the acquisition, construction, and equipping of the student housing facilities. The board may enter into agreements and pledge revenues of the facilities as may be necessary to provide security for the bonds and may mortgage the financed facilities to the higher education facilities authority or to a trustee for the bondholders if considered necessary by the board or the authority for the successful marketing of the bonds. The state board for community colleges shall establish, maintain, revise when necessary, and collect rates and charges for the use of the student housing facilities. The rates and charges must be sufficient, as estimated by the board, to pay all expenses of operation and maintenance of the facilities, to pay principal of, and interest on, revenue bonds or other obligations or instruments when due, and to pay customary fees and charges of the higher education facilities authority and to establish and maintain the reserve funds that the board considers necessary for repair, replacement, and maintenance of the facilities. Funds and accounts established in furtherance of these purposes are not subject to Minnesota Statutes, section 136.67, subdivision 2, and are not subject to the budgetary control of the commissioner of finance. The board shall never be obligated to use other revenues of the board or funds of the state to pay the costs of construction, operation, maintenance, and repair of the facilities or to pay principal of and interest on obligations issued for these purposes. Notwithstanding any other law or rule or the city charter, the city of Ely may, without complying with the procedures set forth in Minnesota Statutes, chapter 475, guarantee all or any part of the loan repayment obligation of the board to the authority, by pledging its full faith and credit and taxing power. The guarantee is not subject to any limitation on net debt of the city, and taxes required to make any payment under the guarantee may be levied without limit as to rate or amount.

#### ARTICLE 4

##### ENDOWMENT FOR SCHOLARSHIP, RESEARCH, AND CHAIRS

Section 1. Minnesota Statutes 1992, section 137.022, subdivision 3, is amended to read:

Subd. 3. **[ENDOWED CHAIRS CHAIR ACCOUNT.]** (a) For purposes of this section, the permanent university fund has three accounts. The sources of the money in the endowed mineral research and scholarship accounts are set out in paragraph (b) and subdivision 4. All money in the fund that is not otherwise allocated is in the endowed chair account. The income from the ~~permanent university fund~~ endowed chair account must be used, and capital gains of the fund allocated to that account may be used, to provide endowment support for professorial chairs in academic disciplines. The endowment support for the chairs from the income and the capital gains must not total more than six percent per year of the 36-month trailing average market value of the *endowed chair account of the fund*, as computed quarterly or otherwise as directed by the regents. The endowment support from the income and the capital gains must not provide more than half the sum of the endowment support for all chairs endowed, with nonstate sources providing the remainder. The endowment support from the income and the capital gains may provide more than half the endowment support of an individual chair.

(b) If any portion of the annual appropriation of the income is not used for the ~~purpose~~ purposes specified in paragraph (a) or subdivision 4, that portion lapses and must be added to the principal of the three accounts of the permanent university fund in proportion to the market value of each account.

Sec. 2. Minnesota Statutes 1992, section 137.022, is amended by adding a subdivision to read:

*Subd. 4. [MINERAL RESEARCH; SCHOLARSHIPS.] (a) All income accruing after December 31, 1991, to the part of the permanent university fund derived from mineral permits and royalties on mining must be allocated as provided in this subdivision.*

*(b)(1) Fifty percent of the accrual, to a total of \$25,000,000 in accruals must be credited to the mineral research account of the fund to be allocated for the Natural Resources Research Institute-Duluth and Coleraine facilities, for mineral and mineral-related research including mineral-related environmental research; and*

*(2) Fifty percent of the accrual until the \$25,000,000 accrual amount is reached under clause (1) and thereafter 100 percent of the accrual must be credited to the endowed scholarship account of the fund for distribution annually for scholastic achievement as provided by the board of regents to undergraduates enrolled at the University of Minnesota who are resident students as defined in section 136A.101, subdivision 8.*

*(c) The annual distribution from the endowed scholarship account must be allocated to the various campuses of the University of Minnesota in proportion to the number of undergraduate resident students enrolled on each campus.*

*(d) The board of regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the dispersal of money from the endowed scholarship account.*

*(e) Capital gains or losses of the permanent university fund must be credited to its three accounts in proportion to the market value of each account.*

*(f) The endowment support from the income and capital gains of the endowed mineral research and endowed scholarship accounts of the fund must not total more than six percent per year of the 36-month trailing average market value of the account from which the support is derived.*

Sec. 3. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective retroactive to January 1, 1992, for accruals and allocations into the three accounts of the permanent university fund and July 1, 1993, for distributions from the endowed mineral research account and endowed scholarship accounts of the fund.*

## ARTICLE 5

### SOUTHWEST ASIA VETERANS TRAINING

Section 1. Minnesota Statutes 1992, section 136C.13, subdivision 4, is amended to read:

*Subd. 4. [VIETNAM SOUTHWEST ASIA VETERAN'S EXEMPTION.] A Vietnam Southwest Asia veteran who enrolls in a tuition free technical college*

program before July 1, 1990, and who is a Minnesota resident whose entire education has not included completion of at least one ~~tuition free~~ technical college program is ~~exempt from tuition~~ eligible for a state grant of \$500 per year if the veteran has GI Montgomery bill benefits, or \$1,000 per year if the veteran does not have GI Montgomery bill benefits, until the veteran has completed the lesser of (a) 440 technical college school days, or the equivalent as determined by the state board 115 credits in a technical college program, or (b) one technical college program. The grant is based on full-time attendance and shall be prorated if the student is attending less than full time. To be eligible for the tuition relief, a veteran who is discharged before July 1, 1993, must enroll in a technical college by July 1, 1995, and a veteran who is discharged on or after July 1, 1993, must enroll in a technical college within two years of the date of discharge. All veterans enrolled under this program must maintain a minimum of six credits per quarter.

"Vietnam Southwest Asia veteran" for the purpose of this subdivision means a person who served in the active military service in any branch of the armed forces of the United States after July 1, 1961, and before July 1, 1978, any time between August 1, 1990, and February 27, 1992, who became eligible for the Vietnam Expeditionary Medal or the Vietnam Southwest Asia Service Medal as a result of the service, was a Minnesota resident at the time of induction into the armed forces and for the ~~six months one year~~ immediately preceding induction, and has been separated or discharged from active military service under conditions other than dishonorable.

## ARTICLE 6

### HIGHER EDUCATION COORDINATING BOARD

#### SELF LOAN PROGRAM CHANGES

Section 1. Minnesota Statutes 1992, section 136A.101, subdivision 7, is amended to read:

Subd. 7. Until June 30, 1993, "student" means a person who is enrolled at least half time in a program or course of study that applies to a degree, diploma, or certificate, except that for purposes of section 136A.132, student may include a person enrolled for at least three credits per quarter or semester, or the equivalent, but less than half time.

Beginning July 1, 1993, "Student" means a person who is enrolled for at least three credits per quarter or semester, or the equivalent, in a program or course of study that applies to a degree, diploma, or certificate.

Sec. 2. Minnesota Statutes 1992, section 136A.121, subdivision 9, is amended to read:

Subd. 9. [INITIAL AWARDS.] An undergraduate student who has not previously received a grant and who meets the board's requirements is eligible to apply for and receive an initial a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for eight semesters or 12 quarters.

Sec. 3. Minnesota Statutes 1992, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. *Initial applications are due by January 1 of each year. By June 30 of each year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1 of each year. Interested schools, colleges, or programs of nursing education must complete and return the annual participation request form provided by the board. Each participating school, college, or program of nursing education shall be informed of its allocation amount by the board before allocation disbursement.*

Sec. 4. Minnesota Statutes 1992, section 136A.1354, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools or colleges of nursing, or programs of advanced nursing education, applying to participate in the nursing grant program based on the last academic year's enrollment of registered nurses in schools or colleges of nursing, or programs of advanced nursing education. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools or colleges of nursing, or programs of advanced nursing education. *Initial applications are due by January 1 of each year. By June 30 of each year, the board shall notify each applicant school or college of nursing, or program of advanced nursing education, of its approximate allocation of money to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute money to the schools or colleges of nursing, or programs of advanced nursing education, by August 1 of each year. Interested schools, colleges, or programs of advanced nursing education must complete and return the annual participation request form provided by the board. Each participating school, college, or program of advanced nursing education shall be informed of its allocation amount by the board before allocation disbursement.*

Sec. 5. Minnesota Statutes 1992, section 136A.15, subdivision 6, is amended to read:

Subd. 6. "Eligible institution" means any public a post-secondary educational institution and any private educational institution, in any state which is approved by the United States commissioner of education in accordance with requirements set forth in the Higher Education Act of 1965, as amended: that either (1) is operated or regulated by this state, or (2) is operated publicly or privately in another state, is approved by the United States Secretary of Education, and, as determined by the board, maintains academic standards

*substantially equal to those of comparable institutions operated in this state. It also includes any institution chartered in a province.*

Sec. 6. Minnesota Statutes 1992, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. [TERMS AND CONDITIONS OF LOANS.] The board may loan money upon such terms and conditions as the board may prescribe. The principal amount of a loan to an undergraduate student for a single academic year ~~may~~ *shall* not exceed ~~\$4,000~~ *\$6,000*. The aggregate principal amount of all loans made under this section to an undergraduate student ~~may~~ *shall* not exceed ~~\$16,000~~ *\$25,000*. The principal amount of a loan to a graduate student for a single academic year shall not exceed ~~\$6,000~~ *\$9,000*. The aggregate principal amount of all loans made under this section to a student as a graduate student shall not exceed ~~\$25,000~~ *\$40,000*.

Sec. 7. Minnesota Statutes 1992, section 136A.233, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of sections 136A.231 to 136A.234, the words defined in this subdivision have the meanings ascribed to them.

(a) "Eligible student" means a Minnesota resident enrolled or intending to enroll ~~full time~~ *at least half time* in a Minnesota post-secondary institution.

(b) "Minnesota resident" means a student who meets the conditions in section 136A.101, subdivision 8.

(c) "Financial need" means the need for financial assistance in order to attend a post-secondary institution as determined by a post-secondary institution according to guidelines established by the higher education coordinating board.

(d) "Eligible employer" means any eligible post-secondary institution and any nonprofit, nonsectarian agency or state institution located in the state of Minnesota, including state hospitals, and also includes a handicapped person or a person over 65 who employs a student to provide personal services in or about the residence of the handicapped person or the person over 65.

(e) "Eligible post-secondary institution" means any post-secondary institution eligible for participation in the Minnesota state grant program as specified in section 136A.101, subdivision 4.

(f) "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Sec. 8. Minnesota Statutes 1992, section 136A.233, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS.] Work-study payments shall be made to eligible students by post-secondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the post-secondary institution on the basis of student financial need.

(b) No eligible student shall be employed under the state work-study program while not a full-time student; provided, with the approval of the institution, a full-time student who becomes a part-time student during an

academic year may continue to be employed under the state work-study program for the remainder of the academic year.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) ~~An eligible employer shall pay at least 30 percent of the student's compensation. The board shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.~~

(f) Each post-secondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

#### Sec. 9. [REPEALER.]

*Minnesota Statutes 1992, section 136A.121, subdivision 17, is repealed.*

### ARTICLE 7

#### GRANTS TO TRAIN NURSES OF COLOR

##### Section 1. [136A.1358] [GRANTS TO NURSING PROGRAMS FOR PERSONS OF COLOR.]

*Subdivision 1. [DEFINITIONS.] For purposes of sections 136A.1358 and 136A.1359:*

(a) "Person of color" means a person who is Asian Pacific-American, African-American, American Indian, or Hispanic-American (Latino, Chicano, or Puerto Rican).

(b) "Cultural competency program" means a program that provides knowledge of the history, practices, and health needs of persons of color through, among other means, dialogue with persons of color.

*Subd. 2. [ESTABLISHMENT.] A grant program is established under the authority of the higher education coordinating board to provide grants to Minnesota schools, colleges, and other institutions which offer programs of nursing, to fund initiatives designed to ensure the recruitment and retention of nursing students who are persons of color.*

*Subd. 3. [ELIGIBILITY.] To be eligible to receive a grant, an applicant must:*

(1) be a Minnesota school, college, or program of nursing which offers educational programs that lead to licensure as a registered nurse;

(2) have in place a required cultural competency program for current faculty; and

(3) have in place a program advisory panel, a majority of which are persons of color.

*Subd. 4. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school, college, or program of nursing that wishes to participate in the grant program shall apply to the higher education coordinating board for grant money, according to rules and policies established by the board. Each applicant shall outline the specific programs it intends to implement and demonstrate the likelihood that those programs will result in increased recruitment and retention of students who are persons of color.*

*Subd. 5. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing eligible to participate in the grant program. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section.*

*The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by August 15 of each year. By October 1 of each year, the board shall notify each applicant of its approximate allocation of funds. Grants must be for a minimum of \$100,000 per year. The board shall distribute funds by November 1 of each year. Grants shall be awarded on an annual basis and are not automatically renewable.*

*The board shall establish written criteria to use in awarding the grants. The criteria must include consideration of whether:*

*(1) the proposed program is likely to actually increase the recruitment and retention of nursing students who are persons of color;*

*(2) the proposed program creates a support network for persons of color;*

*(3) the nursing program employs persons of color on its staff and faculty;*

*(4) the proposed program has initiatives to reach persons of color while still in high school; and*

*(5) the proposed program establishes a mentoring program for nursing students who are persons of color.*

*The board shall establish written guidelines to ensure that grant funds are used only for board-approved initiatives. The board shall provide the written guidelines to grant recipients at the time it distributes the funds. The board shall require each grant recipient to report to the board each year on its program activity and use of grant funds.*

*Subd. 6. [REPORT.] Grant recipients must report to the higher education coordinating board on their program activity and use of grant funds as requested by the board.*

## **Sec. 2. [136A.1359] [GRANTS FOR NURSING STUDENTS WHO ARE PERSONS OF COLOR.]**

*Subdivision 1. [ESTABLISHMENT.] A nursing grant program is established under the authority of the higher education coordinating board to provide grants to students who are persons of color who are entering or enrolled in an educational program that leads to licensure as a registered nurse.*

*Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, a student shall be:*

- (1) a citizen of the United States;*
- (2) a resident of the state of Minnesota;*
- (3) a person of color enrolled in a nursing program in a Minnesota school, college, or program of nursing to complete an educational program that leads to licensure as a registered nurse; and*
- (4) eligible under any additional criteria established by the school, college, or program of nursing in which the student is enrolled. Students applying for a grant must be willing to practice in Minnesota for at least three years following licensure.*

*The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.*

*Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school, college, or program of nursing that wishes to participate in the student nursing grant program shall apply to the higher education coordinating board for grant money, according to rules and policies established by the board. A school, college, or program of nursing shall establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the nursing-educational program and must give priority to students with the greatest financial need. Grants must be for a minimum of \$500, but must not exceed \$2,500 per year. Each school, college, or program of nursing shall agree that the money awarded through this grant program must not be used to replace any other grant or scholarship money for which, absent this grant, the student is eligible. Each school, college, or program of nursing shall establish procedures for students to apply for and receive grants.*

*Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing eligible to participate in the student nursing grant program based on actual current enrollment or the previous academic year's enrollment, of persons of color in nursing programs that lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Interested schools, colleges, or programs of nursing must complete and return the annual participation request form provided by the board. Each participating school, college, or program of nursing shall be informed of its allocation amount by the board prior to allocating disbursement. The board shall distribute funds to the schools, colleges, or programs of nursing by August 30 of each year.*

*Subd. 5. [REPORT.] The schools, colleges, or programs of nursing participating in the nursing grant program shall report to the higher education coordinating board on their program activity as requested by the board.*

## ARTICLE 8

### EDUCATION TO EMPLOYMENT TRANSITIONS SYSTEM

#### Section 1. [126B.01] [PURPOSE.]

*To better prepare all learners to make transitions between education and employment, a comprehensive system is established to:*

*(1) assist individuals in planning their futures by providing counseling and information about career opportunities;*

*(2) integrate opportunities for work-based learning, including occupation-specific apprenticeship programs, into the curriculum;*

*(3) promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and*

*(4) expand educational options available to students through collaborative efforts between secondary institutions, post-secondary institutions, business, industry, labor, and other interested parties.*

**Sec. 2. [126B.02] [EDUCATION TO EMPLOYMENT TRANSITIONS COUNCIL.]**

*(a) The education to employment transitions council is established. Members of the council shall include the governor or the governor's designee, the commissioner of education, the commissioner of labor and industry, the commissioner of human services, the commissioner of jobs and training, the chancellor of the community college system, the chancellor of the technical college system, a representative of the higher education coordinating board, the executive director of the state council of vocational technical education, a representative of business, a representative of organized labor, and a representative of Minnesota Technology, Inc.*

*(b) The council shall:*

*(1) identify changes that must be made in post-secondary guidance and counselor preparation programs to facilitate workforce development;*

*(2) identify means of implementing career awareness and counseling at the elementary level, secondary level, and post-secondary level;*

*(3) ensure that graduation standards are met;*

*(4) identify means of using labor market forecasting to assist individuals engaged in career counseling;*

*(5) delineate the role of elementary schools, secondary schools, post-secondary institutions, employers, state agencies, and organized labor in the activities under this article;*

*(6) develop plans to meet the unique needs of sparsely populated areas in establishing a comprehensive youth apprenticeship program;*

*(7) develop plans to meet the unique needs of metropolitan areas in establishing a comprehensive youth apprenticeship program;*

*(8) advise the department of education concerning the implementation of a comprehensive youth apprenticeship program;*

*(9) approve industry and occupational skill standards recommended by the skills standards committees; and*

*(10) ensure that the comprehensive youth apprenticeship program estab-*

lished is consistent with state and federal education, labor, and job training policies.

**Sec. 3. [126B.03] [COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAM.]**

(a) The department of education, under the auspices of the education to employment transitions council, shall establish a comprehensive youth apprenticeship program to better prepare all learners to make transitions between education and employment.

(b) A comprehensive youth apprenticeship program:

(1) includes an organized sequence of career awareness, career information, and career counseling activities, beginning in the elementary grades and progressing through a student's high school years;

(2) is available to high school juniors and seniors who meet the criteria established by a particular apprenticeship program;

(3) provides a continuous curricular sequence that integrates academic and technical preparation with work-based learning, and a year-round employment experience;

(4) provides an industry-approved work-based learning and year-round employment experience;

(5) provides ongoing feedback to the student on the student's performance in both the academic and work-based learning components of the program; and

(6) allows a student to participate in the program for two to four years.

(c) Students participating in a two-year program shall receive a high school diploma and an industry-approved occupational credential, and have the following options: entry-level employment, eligibility for advanced placement in a voluntary apprenticeship program, or admission to a post-secondary institution. Students participating in the four-year program shall receive an associate degree and an industry-approved occupational credential.

**Sec. 4. [126B.04] [INDUSTRY AND OCCUPATIONAL SKILLS STANDARDS COMMITTEES.]**

(a) The education to employment transitions council shall establish and convene committees to develop and recommend industry and occupational skill standards for the industries in which apprentices are placed.

(b) Committee membership shall consist of industry and trade representatives, employer representatives, and educators familiar with the skills, knowledge, and competencies of the industry. The council shall determine the membership of each committee they establish.

(c) Each committee shall:

(1) establish the terms of each apprenticeship experience including a probationary period;

(2) identify the current and future skill needs of occupations selected for inclusion in the apprenticeship program;

(3) *make recommendations on compensation for students participating in the program;*

(4) *delineate the eligibility criteria that must be met by applicants to a youth apprenticeship program;*

(5) *identify how a student's abilities will be assessed upon admission to the program, during the program, and at the conclusion of the program;*

(6) *specify the courses a student must take and the duration and nature of the worksite experience;*

(7) *determine the components of the training program for industry trainers;*

(8) *identify job sites for apprenticeships within each industry;*

(9) *establish competencies that must be demonstrated by student apprentices upon completion of the program;*

(10) *delineate means of integrating academic and technical preparation into youth apprenticeship programs; and*

(11) *develop an agreement to be signed by each participant that delineates, at a minimum:*

(i) *the goals a student must meet as a condition of successfully completing the program;*

(ii) *the manner in which a student's performance will be evaluated;*

(iii) *a timetable of program activities;*

(iv) *services and experiences to be provided by the employer; and*

(v) *the terms of the apprenticeship experience.*

**Sec. 5. [126B.05] [PILOT COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAMS.]**

*The department of education shall award up to five planning and implementation grants to establish comprehensive youth apprenticeship programs. By September 1, 1993, the commissioner of education, with the assistance of the education to employment transitions council, shall establish criteria for evaluating grant proposals. The criteria established shall include the components outlined in section 3. The commissioner of education shall develop and publicize the grant application process. The education to employment transitions council shall review and comment on the proposals submitted. When the student apprenticeship program is implemented student funding shall be determined according to section 123.3514.*

**Sec. 6. [126B.06] [GENERAL PROVISIONS.]**

(a) *All state and federal laws relating to workplace health and safety shall apply to youth apprenticeships.*

(b) *The employment of a youth apprentice must not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed worker.*

**Sec. 7. [126B.07] [ENTREPRENEUR SCHOLARSHIP PROGRAM.]**

*An entrepreneur scholarship program is established. The higher education coordinating board may provide grants to a student or a group of students to facilitate the integration of academic and entrepreneurial skills. Each Minnesota public post-secondary campus shall receive a grant for an entrepreneur scholarship.*

**Sec. 8. [126B.08] [ELIGIBILITY.]**

*To be eligible to receive a grant, a student must:*

- (1) be a resident of the state of Minnesota;*
- (2) be enrolled at least half time at a Minnesota public post-secondary campus; and*
- (3) submit a proposal to a knowledgeable review committee selected by the president of each Minnesota public post-secondary campus describing the entrepreneurial project to be undertaken.*

**Sec. 9. [126B.09] [PROPOSAL CONTENT.]**

*A proposal submitted by a student or group of students under section 8 must be evaluated using the following criteria:*

- (1) the prospect for job creation if the proposal were implemented on a broad scale basis;*
- (2) the degree of creativity demonstrated in development of the project;*
- (3) the potential success of the project;*
- (4) demonstration of the practical application of academic knowledge; and*
- (5) the originality of the project.*

**ARTICLE 9**

**MINORITY TEACHER GRANTS**

**Section 1. [136A.1360] [GRANTS TO RECRUIT PERSONS OF COLOR INTO THE TEACHING PROFESSION.]**

*Subdivision 1. [DEFINITIONS.] For purposes of sections 136A.1360 and 136A.1361:*

*(a) "Person of color" means a person who is Asian Pacific-American, African-American, American Indian, or Hispanic-American (Latino, Chicano, or Puerto Rican).*

*(b) "Cultural competency program" means a program that provides knowledge of the history, practices, and educational needs of persons of color through, among other means, dialogue with persons of color.*

*(c) "Approved teacher education program" means a teacher education program approved by the board of teaching.*

*Subd. 2. [ESTABLISHMENT.] A grant program is established under the authority of the higher education coordinating board to provide grants to up to three approved teacher education programs to recruit and retain students who are persons of color into the teaching profession. One grant must be awarded to an approved teacher education program that prepares students to become early childhood educators or parent educators.*

*Subd. 3. [ELIGIBILITY.] To be eligible to receive a grant, an applicant must:*

*(1) be a Minnesota post-secondary institution which offers an approved teacher education program;*

*(2) establish or have in place a cultural competency program for faculty;*

*(3) establish or have in place a program advisory panel, a majority of the advisory panel shall be persons of color; and*

*(4) consult with a school district that has a minority population greater than 30 percent regarding recruitment and retention strategies.*

*Subd. 4. [RESPONSIBILITY OF TEACHER EDUCATION PROGRAMS.] Each approved teacher education program that wishes to participate in the grant program shall apply to the higher education coordinating board for grant money, according to rules and policies established by the board. Each applicant shall outline the specific programs it intends to implement and demonstrate the likelihood that those programs will result in increased recruitment and retention of students who are persons of color.*

*Subd. 5. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds to grant recipients. Money not used by a recipient teacher education program must be returned to the higher education coordinating board for redistribution under this section.*

*The board shall establish an application process for interested teacher education programs. Initial applications are due by August 15 of each year. By October 1 of each year, the board shall notify each applicant of its approximate allocation of funds. The board shall distribute funds by November 1 of each year. Grants shall be awarded on an annual basis and are not automatically renewable.*

*The board shall establish written criteria to use in awarding the grants. The criteria must include consideration of whether:*

*(1) the proposed program is likely to actually increase the recruitment and retention of students who are persons of color;*

*(2) the proposed program creates a support network for persons of color;*

*(3) the applicant employs persons of color on its staff and faculty;*

*(4) the proposed program has initiatives to reach persons of color while still in high school; and*

*(5) the proposed program establishes a mentoring program for teacher education students who are persons of color.*

*The board shall establish written guidelines to ensure that grant funds are used only for board-approved initiatives. The board shall provide the written guidelines to grant recipients at the time it distributes the funds. The board shall require each grant recipient to report to the board each year on its program activity and use of grant funds.*

*Subd. 6. [REPORT.] Grant recipients must report to the higher education coordinating board on their program activity and use of grant funds as requested by the board.*

**Sec. 2. [136A.1361] [GRANTS TO TRAIN TEACHERS OF COLOR.]**

*Subdivision 1. [ESTABLISHMENT.] A grant program is established under the authority of the higher education coordinating board to provide grants to assist students who are persons of color to become teachers.*

*Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, a student shall be:*

- (1) a citizen of the United States;*
- (2) a resident of the state of Minnesota;*
- (3) a person of color entering or enrolled in an approved teacher education program in a Minnesota post-secondary institution; and*
- (4) eligible under any additional criteria established by the approved teacher education program which the student is entering or enrolled in.*

*Students applying for a grant must be willing to teach in Minnesota for at least three years following licensure.*

*The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.*

*Subd. 3. [RESPONSIBILITY OF TEACHER EDUCATION PROGRAMS.] Each approved teacher education program that wishes to participate in the grant program shall apply to the higher education coordinating board for grant money, according to rules and policies established by the board. An approved teacher education program shall establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the teacher education program, receiving licensure as a teacher, and must give priority to students with the greatest financial need. Grants must be for a minimum of \$500, but must not exceed \$2,500 per year. Each approved teacher education program shall agree that the money awarded through this grant program must not be used to replace any other grant or scholarship money for which, absent this grant, the student is eligible. Each approved teacher education program shall establish procedures for students to apply for and receive grants.*

*Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the approved teacher education programs applying to participate in the grant program based on actual current enrollment or the previous academic year's enrollment of persons of color in approved teacher education programs. Money not used by the approved teacher education program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested teacher education programs.*

*Interested teacher education programs must complete and return the annual participation request form provided by the board. Each participating teacher education program shall be informed of its allocation amount by the board prior to allocating disbursement. The board shall distribute funds to the teacher education programs by August 30 of each year.*

*Subd. 5. [REPORT.] The Minnesota teacher education programs participating in the teacher education grant program shall report to the higher*

*education coordinating board on their program activity as requested by the board."*

Delete the title and insert:

"A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating a higher education instructional telecommunications network; providing for grants from the higher education coordinating board for regional linkages, regional coordination, courseware development and usage, and faculty training; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; establishing grant programs to promote recruitment and retention initiatives by nurses training and teacher education programs directed toward persons of color; establishing grant programs for nursing students and students in teacher education programs who are persons of color; establishing an education to employment transitions system; amending Minnesota Statutes 1992, sections 136A.101, subdivisions 1 and 7; 136A.121, subdivision 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.15, subdivision 6; 136A.1701, subdivision 4; 136A.233, subdivisions 2 and 3; 136C.13, subdivision 4; 136C.61, subdivision 7; and 137.022, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; proposing coding for new law in Minnesota Statutes, chapter 126B; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 17; and 136A.134."

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 1062, 86, 587, 853, 625, 818, 349, 509, 1431, 645, 970, 840 and 237 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 295 and 185 were read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Vickerman moved that the name of Mr. Metzen be added as a co-author to S.F. No. 333. The motion prevailed.

Mr. Larson moved that the name of Mr. Metzen be added as a co-author to S.F. No. 555. The motion prevailed.

Mr. Johnson, D.J. moved that the name of Ms. Wiener be added as a co-author to S.F. No. 1578. The motion prevailed.

Mr. Hottinger moved that the names of Messrs. Betzold and Metzen be added as a co-author to S.F. No. 1584. The motion prevailed.

Mr. Hottinger moved that the name of Mr. Metzen be added as a co-author to S.F. No. 1585. The motion prevailed.

Ms. Ranum moved that S.F. No. 977 be withdrawn from the Committee on Education and re-referred to the Committee on Crime Prevention. The motion prevailed.

Ms. Ranum moved that S.F. No. 1095 be withdrawn from the Committee on Education and re-referred to the Committee on Crime Prevention. The motion prevailed.

#### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:45 a.m., Wednesday, April 14, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate