

STATE OF MINNESOTA

Journal of the Senate

SEVENTY-NINTH LEGISLATURE

EIGHTY-THIRD DAY

St. Paul, Minnesota, Thursday, February 22, 1996

The Senate met at 8:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Roger W. Lynn.

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

Anderson	Hanson	Kroening	Murphy	Robertson
Beckman	Hottinger	Laidig	Neuville	Runbeck
Belanger	Janezich	Langseth	Novak	Sams
Berglin	Johnson, D.E.	Larson	Oliver	Samuelson
Betzold	Johnson, D.J.	Lesewski	Olson	Scheevel
Chandler	Johnson, J.B.	Lessard	Ourada	Solon
Cohen	Johnston	Limmer	Pappas	Spear
Day	Kelly	Marty	Pariseau	Stevens
Dille	Kiscaden	Merriam	Piper	Stumpf
Finn	Kleis	Metzen	Pogemiller	Terwilliger
Fischbach	Knutson	Moe, R.D.	Price	Vickerman
Flynn	Kramer	Mondale	Ranum	Wiener
Frederickson	Krentz	Morse	Reichgott Junge	

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.

February 16, 1996

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. 1946.

Warmest regards,
Arne H. Carlson, Governor

February 16, 1996

The Honorable Irv Anderson
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 Act of the 1996 Session of the State Legislature has been received from the Office of the Governor and is 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 1996	Date Filed 1996
1946		272	10:00 a.m. February 16	February 16

Sincerely,
Joan Anderson Growe
Secretary of State

February 21, 1996

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. Nos. 1798 and 1815.

Warmest regards,
Arne H. Carlson, Governor

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. 2019, 2698 and 1622.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 21, 1996

Mr. President:

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

S.F. No. 1812: A bill for an act relating to housing; securing vacant buildings; amending Minnesota Statutes 1994, sections 463.251; and 582.031, subdivision 2.

Senate File No. 1812 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 19, 1996

CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 1812 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1812 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Hanson	Langseth	Novak	Sams
Beckman	Hottinger	Larson	Oliver	Samuelson
Belanger	Johnson, D.E.	Lesewski	Olson	Scheevel
Berglin	Johnson, J.B.	Lessard	Ourada	Solon
Betzold	Johnston	Limmer	Pappas	Spear
Cohen	Kelly	Marty	Pariseau	Stevens
Day	Kiscaden	Metzen	Piper	Stumpf
Dille	Kleis	Moe, R.D.	Pogemiller	Terwilliger
Finn	Knutson	Mondale	Price	Vickerman
Fischbach	Kramer	Morse	Ranum	Wiener
Flynn	Krentz	Murphy	Reichgott Junge	
Frederickson	Kroening	Neuville	Robertson	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2121: A bill for an act relating to highways; designating the Czech Heritage Highway; amending Minnesota Statutes 1994, section 161.14, by adding a subdivision.

Senate File No. 2121 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 19, 1996

CONCURRENCE AND REPASSAGE

Mr. Neuville moved that the Senate concur in the amendments by the House to S.F. No. 2121 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2121 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Day	Hanson	Kelly	Kroening
Beckman	Dille	Hottinger	Kiscaden	Larson
Belanger	Finn	Johnson, D.E.	Kleis	Lesewski
Berglin	Fischbach	Johnson, D.J.	Knutson	Lessard
Betzold	Flynn	Johnson, J.B.	Kramer	Limmer
Cohen	Frederickson	Johnston	Krentz	Marty

Metzen
Moe, R.D.
Mondale
Morse
Murphy
Neuville

Novak
Olson
Ourada
Pappas
Pariseau
Piper

Pogemiller
Price
Ranum
Reichgott Junge
Robertson
Runbeck

Sams
Samuelson
Scheevel
Spear
Stevens
Stumpf

Terwilliger
Vickerman

Mr. Oliver and Ms. Wiener voted in the negative.

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2012: A bill for an act relating to highways; designating a portion of marked trunk highway No. 22 as Victory Drive; designating a portion of marked trunk highway No. 15 as Veterans Memorial Highway; providing for reimbursement of costs; amending Minnesota Statutes 1994, section 161.14, by adding subdivisions.

Senate File No. 2012 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 19, 1996

Mr. Beckman moved that S.F. No. 2012 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2321, 2365, 2889, 2953, 2040, 2245, 2519, 2873 and 2369.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 21, 1996

FIRST READING OF HOUSE BILLS

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

H.F. No. 2321: A bill for an act relating to the metropolitan airports commission; prohibiting free parking; amending Minnesota Statutes 1994, section 473.608, by adding a subdivision.

Referred to the Committee on Metropolitan and Local Government.

H.F. No. 2365: A bill for an act relating to natural resources; modifying open burning restrictions; empowering the commissioner to declare an emergency; modifying provisions relating to timber sales; amending Minnesota Statutes 1994, sections 88.171, subdivisions 4 and 10; 90.031, subdivision 4; 90.041, by adding a subdivision; 90.101, subdivision 1; 90.121; and 90.191, subdivision 1; Minnesota Statutes 1995 Supplement, section 88.171, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2384, now on General Orders.

H.F. No. 2889: A bill for an act relating to local government; the cities of Norwood and Young America in Carver county and their consolidation into the city of Norwood-Young America; repealing Extra Session Laws 1857, chapter 18, section 50; Special Laws 1874, chapter 78; Special Laws 1879, chapters 4 and 152; Special Laws 1881, chapters 31 and 101; Special Laws 1889, chapter 24; and Special Laws 1891, chapters 211 and 272.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2581, now on General Orders.

H.F. No. 2953: A bill for an act relating to state government; long-term care insurance; providing for a study of coverage for retiring state employees.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1871, now on General Orders.

H.F. No. 2040: A bill for an act relating to housing; providing for waiver of fees and surcharges imposed on motor vehicle registration data requests under certain circumstances; requiring the tenant's full name and date of birth in a written lease; requiring tenant screening reports and unlawful detainer case files to include certain information; requesting a study; amending Minnesota Statutes 1994, sections 168.345, subdivision 3, and by adding a subdivision; 504.012; 504.181, subdivision 1; 504.30, subdivision 4, and by adding a subdivision; and 566.05.

Referred to the Committee on Finance.

H.F. No. 2245: A bill for an act relating to health; modifying requirements relating to home care providers and housing with services establishments; providing for licensure of housing with services home care providers; amending Minnesota Statutes 1994, sections 144A.43, subdivision 4; 144A.45, subdivision 1; and 144A.46, subdivision 1; Minnesota Statutes 1995 Supplement, sections 144B.01, subdivision 5; 144D.01, subdivisions 4, 5, and 6; 144D.02; 144D.03; 144D.04; 144D.05; 144D.06; and 157.17, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 144A; repealing Minnesota Statutes 1994, section 144A.45, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1944, now on General Orders.

H.F. No. 2519: A bill for an act relating to the environment; increasing the amount of reimbursement available for cleanup of petroleum releases by certain responsible persons; amending Minnesota Statutes 1995 Supplement, section 115C.09, subdivision 3.

Referred to the Committee on Finance.

H.F. No. 2873: A bill for an act relating to state lands; authorizing sales of certain tax-forfeited lands that border public water in Anoka county.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 2369: A bill for an act relating to financial institutions; regulating consumer credit; modifying rates, fees, and other terms and conditions; providing clarifying and technical changes; providing opportunities for state banks to develop their Minnesota markets through broader intrastate branching; regulating the use of credit cards by institutions; modifying interest rates, fees, and other terms and conditions governing the use of credit cards; providing technical corrections; amending Minnesota Statutes 1994, sections 9.031, subdivision 13; 13.71, by adding a subdivision; 46.041, subdivision 1; 46.044, subdivision 1; 47.10, subdivision 4; 47.101, as amended; 47.201, subdivision 2; 47.51; 47.62, subdivision 1; 48.09; 48.10; 48.185, subdivisions 3 and 4; 48.301; 48.34; 48.845, subdivision 4; 52.131; 53.01; 53.03, subdivision 1; 53.07, subdivision 2; 118.005, subdivision 1; 168.69; 168.705; 168.72, by adding a subdivision; 168.73; 300.025; 332.50, subdivision 2; 334.02; 334.03; Minnesota Statutes 1995 Supplement, sections 46.048, subdivision 2b; 47.20, subdivision 9; 47.52; 47.59, subdivisions 2, 3, 4, 5, 6, and by adding subdivisions; 47.60, subdivision 2; 47.61, subdivision 3; 48.153, subdivision 3a; 48.194; 48.65; 50.1485, subdivision 1; 50.245, subdivision 4; 53.04, subdivision 3a; 53.09, subdivision 2; 56.131, subdivisions 2, 4, and 6; 56.14; 62B.04, subdivisions 1 and 2; Laws 1995, chapter 171, section 70; proposing coding for new law in Minnesota Statutes, chapter 49; repealing Minnesota Statutes 1994, sections 47.201, subdivision 7; 47.27, subdivision 3; 48.185, subdivision 5; 48.94; 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19,

subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; 51A.57; 53.04, subdivision 3b; Minnesota Statutes 1995 Supplement, sections 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; 51A.58; 53.04, subdivisions 3c and 4a; Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1100; 2655.1200; and 2655.1300.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2037, 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. 891. The motion prevailed.

Ms. Flynn from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 2622: A bill for an act relating to transportation; changing formula for distributing county state-aid highway funds; increasing rate of excise tax on gasoline and special fuel; allocating 25 percent of receipts from the motor vehicle sales tax to the transit assistance fund; making technical changes; amending Minnesota Statutes 1994, sections 160.02, by adding subdivisions; 162.02, subdivisions 7, 8, and by adding a subdivision; 162.07, subdivisions 1, 5, and 6; and 297B.09, subdivision 1; Minnesota Statutes 1995 Supplement, sections 296.02, subdivision 1b; and 296.025, subdivision 1b; Laws 1995, chapter 265, article 2, section 2, subdivision 3; and section 3.

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 1994, section 162.02, subdivision 7, is amended to read:

Subd. 7. [ESTABLISHMENT IN NEW LOCATION OR OVER ESTABLISHED ROADS.] The county board of any county may establish and locate any county state-aid highway on new location where there is no existing road, or it may establish and locate the highway upon or over any established road or street or a specified portion thereof within its limits; provided, that. Except as provided in subdivision 8a, no county state-aid highway shall be established or located within the corporate limits of any city without the approval of the governing body of the city, except that when a county state-aid highway is relocated the approval of the plans by the governing body shall be deemed to be a transfer of the previous location of the highway to the jurisdiction of the city. The approval shall be in the manner and form required by the commissioner.

Sec. 2. Minnesota Statutes 1994, section 162.02, subdivision 8, is amended to read:

Subd. 8. [APPROVAL BY CITY.] Except as provided in subdivision 8a, no portion of the county state-aid highway system lying within the corporate limits of any city shall be constructed, reconstructed, or improved nor the grade thereof changed without the prior approval of the plans by the governing body of such city and the approval shall be in the manner and form required by the commissioner.

Sec. 3. Minnesota Statutes 1994, section 162.02, is amended by adding a subdivision to read:

Subd. 8a. [DISPUTE RESOLUTION BOARD.] If a city has failed to approve establishment, construction, reconstruction, or improvement of a county state-aid highway within its corporate

limits under subdivision 7 or 8, the county board may, by resolution, request the commissioner to appoint a dispute resolution board consisting of one county commissioner, one county engineer, one city council member or city mayor, one city engineer, and one representative of the department of transportation. The board shall review the proposed change and make a recommendation to the commissioner. Notwithstanding any other law, the commissioner may approve the establishment, construction, reconstruction, or improvement of a county state-aid highway recommended by the board.

Sec. 4. Minnesota Statutes 1994, section 162.07, subdivision 1, is amended to read:

Subdivision 1. [FORMULA.] After deducting for administrative costs and for the disaster account and research account and state park roads as heretofore provided, the remainder of the total sum provided for in section 162.06, subdivision 1, shall be identified as the apportionment sum and shall be apportioned by the commissioner to the several counties on the basis of the needs of the counties as determined in accordance with the following formula:

(1) An amount equal to ten percent of the apportionment sum shall be apportioned equally among the 87 counties.

(2) An amount equal to ten percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

(3) An amount equal to 30 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its total lane miles of approved county state-aid highways bears to the total lane miles of approved statewide county state-aid highways.

(4) An amount equal to 50 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties; provided, that the percentage of such amount that each county is to receive shall be adjusted so that each county shall receive in 1958 a total apportionment at least ten percent greater than its total 1956 apportionments from the state road and bridge fund; and provided further that those counties whose money needs are thus adjusted shall never receive a percentage of the apportionment sum less than the percentage that such county received in 1958.

Sec. 5. Minnesota Statutes 1994, section 162.07, subdivision 5, is amended to read:

Subd. 5. [SCREENING BOARD.] On or before September 1 of each year, the county engineer of each county shall forward to the commissioner, on forms prepared by the commissioner, all information relating to the mileage, in lane miles, of the county state-aid highway system in the county, and the money needs of the county that the commissioner deems necessary in order to apportion the county state-aid highway fund in accordance with the formula heretofore set forth in subdivision 1. Upon receipt of the information, the commissioner shall appoint a board consisting of nine 12 county engineers. ~~The board shall be so selected that each county engineer appointed shall be from a different state highway construction district~~ Five county engineers must be appointed from the metropolitan highway construction district and seven county engineers must be appointed from the nonmetropolitan highway construction districts. Each of the seven county engineers appointed from nonmetropolitan districts must be from a different state highway construction district.

No county engineer shall be appointed so as to serve consecutively for more than ~~two~~ four years. The board shall investigate and review the information submitted by each county and shall on or before the first day of November of each year submit its findings and recommendations in writing as to each county's lane mileage and money needs to the commissioner on a form prepared by the commissioner. Final determination of the lane mileage of each system and the money needs of each county shall be made by the commissioner.

Sec. 6. Minnesota Statutes 1994, section 162.07, subdivision 6, is amended to read:

Subd. 6. [ESTIMATES TO BE MADE IF INFORMATION NOT PROVIDED.] In the event that any county shall fail to submit the information provided for herein, the commissioner shall estimate the lane mileage and the money needs of the county. The estimate shall be used in determining the apportionment formula. The commissioner may withhold payment of the amount apportioned to the county until the information is submitted.

Sec. 7. Minnesota Statutes 1995 Supplement, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following rates:

(a) From June 1, 1996, to December 31, 1996:

- (1) E85 is taxed at the rate of ~~14.2~~ 16.3 cents per gallon;
- (2) M85 is taxed at the rate of ~~11.4~~ 13.1 cents per gallon; and
- (3) all other gasoline is taxed at the rate of ~~20~~ 23 cents per gallon.

(b) On and after January 1, 1997:

- (1) E85 is taxed at the rate of 17.7 cents per gallon;
- (2) M85 is taxed at the rate of 14.3 cents per gallon; and
- (3) all other gasoline is taxed at the rate of 25 cents per gallon.

Sec. 8. Minnesota Statutes 1994, section 296.02, is amended by adding a subdivision to read:

Subd. 1c. [ANNUAL GASOLINE TAX RATE ADJUSTMENT.] (a) Beginning in 1997 and annually thereafter, before April 1 of each year, the commissioner of revenue shall adjust the rate of the gasoline excise tax unless the rate is calculated under subdivision 1d. The new rate per gallon must be calculated by multiplying the rate in effect at the time of the calculation by an amount obtained under paragraph (b). The new rate must be rounded to the nearest 0.1 cent and is effective on April 1 of each year.

(b) Divide the annual average United States Consumer Price Index for all urban consumers, United States city average, as determined by the United States Department of Labor for the previous year by that annual average for the year before the previous year.

Sec. 9. Minnesota Statutes 1994, section 296.02, is amended by adding a subdivision to read:

Subd. 1d. [GASOLINE TAX RATE REDUCTION.] On and after the effective date of any law which reduces the percentage of motor vehicle excise tax proceeds specified to be transferred to the transit assistance fund under section 297B.09, subdivision 1, the commissioner of revenue shall adjust any increase in the gasoline excise tax rate or special fuel excise tax rate over the rate in effect on January 1, 1996, by a corresponding percentage reduction. A rate established under this subdivision shall remain in effect with no adjustment under subdivision 1c.

Sec. 10. Minnesota Statutes 1995 Supplement, section 296.025, subdivision 1b, is amended to read:

Subd. 1b. [TAX RATES.] The special fuel excise tax is imposed at the following rates:

(a) From June 1, 1996, to December 31, 1996:

- (1) Liquefied petroleum gas or propane is taxed at the rate of ~~15~~ 17.3 cents per gallon.
- (2) Liquefied natural gas is taxed at the rate of ~~12~~ 13.8 cents per gallon.
- (3) Compressed natural gas is taxed at the rate of ~~\$1.739~~ \$2 per thousand cubic feet; or ~~20~~ 23 cents per gasoline equivalent, as defined by the National Conference on Weights and Measures, which is 5.66 pounds of natural gas.

(4) All other special fuel is taxed at the same rate as the gasoline excise tax.

(b) On and after January 1, 1997:

(1) Liquefied petroleum gas or propane is taxed at the rate of 18.7 cents per gallon.

(2) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

(3) Compressed natural gas is taxed at the rate of \$2.174 per thousand cubic feet; or 25 cents per gasoline equivalent, as defined by the National Conference on Weights and Measures, which is 5.66 pounds of natural gas.

(4) All other special fuel is taxed at the same rate as the gasoline excise tax.

After March 31, 1997, the special fuel excise tax rate shall be determined under section 296.02, subdivision 1c.

Sec. 11. Minnesota Statutes 1994, section 297B.09, subdivision 1, is amended to read:

~~Subdivision 1. [GENERAL FUND SHARE ALLOCATION OF RECEIPTS.] (a) Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund. The amounts collected and received shall be credited as provided in this subdivision, and transferred from the general fund on July 15 and February 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if the commissioner determines it is necessary or desirable to provide for the cash flow needs of the recipients of money from the transit assistance fund.~~

~~(b) Twenty-five percent of the money collected and received under this chapter after June 30, 1990, and before July 1, 1991, must be transferred to the highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be transferred to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent of the money must be transferred to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the metropolitan council.~~

~~(c) The distributions under this subdivision to the highway user tax distribution fund until June 30, 1991, and to the trunk highway fund thereafter, must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance, before making the transfers required on July 15 and January 15 of each year, shall estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1, for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period. Receipts from the tax imposed under this chapter must be deposited in the state treasury and credited as follows:~~

(1) ... percent to the transit assistance fund established under section 174.32; and

(2) the remainder to the general fund.

Sec. 12. [EFFECTIVE DATE.]

Sections 7 and 10 are effective June 1, 1996, and apply to all gasoline and special fuels in distributor storage on that date. Sections 1 to 6, 8, 9, and 11 are effective on July 1, 1996."

Amend the title as follows:

Page 1, line 8, delete "160.02, by adding subdivisions;"

Page 1, line 10, after the semicolon, insert "296.02, by adding subdivisions;"

Page 1, line 13, delete from "; Laws" through page 1, line 14, to "section 3"

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

S.F. No. 1915: A bill for an act relating to commerce; changing the enforcement authority to the commissioner; providing continuing education and reporting requirements for certain licenses; regulating inspections of cosmetology salons and schools; regulating disclosures of information and data; regulating securities registrations and exemptions; regulating franchise registrations and definitions; regulating cancellations of membership camping contracts; modifying the bond or insurance requirements for abstractors; regulating residential building contractors; revising the definitions of roofer and special skills; regulating unclaimed properties and notaries public; removing a certain licensing exception; repealing an obsolete provision; amending Minnesota Statutes 1994, sections 45.011, subdivision 1; 45.027, subdivision 7, and by adding subdivisions; 53A.081, subdivision 1; 60K.19, subdivisions 7, 8, and 10; 80A.05, subdivision 1; 80A.06, subdivision 3; 80A.09, by adding a subdivision; 80A.10, subdivision 4; 80A.11, by adding a subdivision; 80A.14, by adding subdivisions; 80A.15, subdivisions 2 and 3; 80C.01, by adding a subdivision; 80C.05, by adding a subdivision; 82.22, subdivision 13; 82A.11, by adding a subdivision; 82B.19, by adding a subdivision; 155A.08, subdivision 3; 155A.09, subdivision 7; 155A.095; 326.83, subdivisions 18 and 19; 326.87, by adding a subdivision; 326.91, by adding subdivisions; 326.991; 332.34; 345.41; 345.42; 345.43, by adding a subdivision; 345.515; 359.01, subdivisions 1 and 2; 359.02; and 359.061; Minnesota Statutes 1995 Supplement, sections 16A.6701, subdivision 1; 80A.15, subdivision 1; and 386.66; proposing coding for new law in Minnesota Statutes, chapters 45; and 332; repealing Minnesota Statutes 1994, sections 80A.14, subdivision 8; 326.95, subdivision 4; 326.97, subdivision 3; 326.99; and 345.43, subdivisions 1 and 2.

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

Page 8, after line 13, insert:

"Sec. 10. Minnesota Statutes 1995 Supplement, section 82.20, subdivision 15, is amended to read:

Subd. 15. [EXEMPTION.] The following persons, when acting as closing agents, are exempt from the requirements of sections 82.19 and 82.24 unless otherwise required in this section or chapter:

(1) a direct employee of a title insurance company authorized to do business in this state, or a direct employee of a title company, or a person who has an agency agreement with a title insurance company or a title company in which the agent agrees to perform closing services on the title insurance company's or title company's behalf and the title insurance company or title company assumes responsibility for the actions of the agent as if the agent were a direct employee of the title insurance company or title company;

(2) a licensed attorney or a direct employee of a licensed attorney;

(3) a licensed real estate broker or salesperson;

(4) a direct employee of a licensed real estate broker if the broker maintains all funds received in connection with the closing services in the broker's trust account; and

(5) any bank, trust company, savings association, credit union, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of businesses within the scope of its corporate powers as provided by law; and

(6) a title insurance company authorized to do business in this state or a title company which is the appointed agent of a title insurance company authorized to do business in this state.

Sec. 11. Minnesota Statutes 1995 Supplement, section 82.34, subdivision 7, is amended to read:

Subd. 7. When any aggrieved person obtains a final judgment in any court of competent jurisdiction regardless of whether the judgment has been discharged by a bankruptcy court against an individual licensed under this chapter, on grounds of fraudulent, deceptive, or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was licensed and performed acts for which a license is required under this chapter, or performed acts permitted by section 327B.04, subdivision 5, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered. The application shall state with specificity the grounds upon which the application seeks to recover from the fund, and request an order directing payment out of the fund of the amount of actual and direct out of pocket loss in the transaction, but excluding any attorney's fees, interest on the loss and on any judgment obtained as a result of the loss, up to the sum of \$150,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$150,000 per claimant, per transaction, subject to the limitations set forth in subdivision 14, regardless of the number of persons aggrieved or parcels of real estate involved in the transaction, provided that regardless of the number of claims against a licensee, nothing in this chapter may obligate the fund for more than \$250,000 per licensee. An aggrieved person who has a cause of action under section 80A.23 shall first seek recovery as provided in section 80A.05, subdivision 5, before the commissioner may order payment from the recovery fund. For purposes of this section, persons who are joint tenants or tenants in common are deemed to be a single claimant. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of service filed with the court. For the purpose of this section, "aggrieved person" shall does not include a government agency, financial institution, or other entity that purchases, guarantees, or insures a loan secured by real estate, and does not include a licensee unless (1) the licensee is acting in the capacity of principal in the sale of interests in real property owned by the licensee; or (2) the licensee is acting in the capacity of principal in the purchase of interests in real property to be owned by the licensee. Under no circumstances shall a licensee be entitled to payment under this section for the loss of a commission or similar fee.

For the purposes of this section, recovery is limited to transactions where the property involved is intended for the direct personal habitation or commercial use of the buyer.

Except for securities permitted to be sold by a licensee pursuant to section 82.19, subdivision 7, for any action commenced after July 1, 1993, recovery under this section is not available where the buyer's participation is for investment purposes only, and is limited to providing capital to fund the transaction.

Sec. 12. Minnesota Statutes 1995 Supplement, section 83.26, subdivision 2, is amended to read:

Subd. 2. [GENERALLY; TRANSACTIONS.] Unless the method of offer or sale is adopted for the purpose of evasion of sections 83.20 to 83.42, 83.43 and 83.44, the following transactions are exempt from sections 83.23, 83.24, 83.25, 83.28, 83.29, and 83.30:

(a) the offer or sale of an interest in subdivided land by an owner, other than the subdivider, acting as principal in a single or isolated transaction;

(b) the offer or sale of all of the subdivided lands within a subdivision in a single transaction to any person;

(c) the offer or sale of subdivided land pursuant to an order of competent jurisdiction, other than a court of bankruptcy;

(d) the offer or sale of subdivided land consisting of not more than ten separate lots, units, parcels, or interests in the aggregate, provided that no subdivider may make an offer or sale of subdivided land pursuant to this exemption more than once during any period of 12 consecutive months;

(e) the offer or sale of subdivided lands which have been registered under section 83.23, subdivision 2, if there are no more than ten separate lots, units, parcels, or interests remaining to be sold and no material change has occurred in the information on file with the commissioner;

(f) the offer and sale of subdivided land located within the corporate limits of a municipality as defined in section 462.352, subdivision 2, which municipality has adopted subdivision regulations as defined in section 462.352, except those lands described in section 83.20, subdivision 13;

(g) the offer and sale of apartments or condominium units as defined in chapters 515 and 515A, and units in common interest communities as defined in chapter 515B;

(h) the offer and sale of subdivided lands used primarily for agricultural purposes provided each parcel is at least ten acres in size;

(i) the offer or sale of improved lots if:

(1) the subdivider has filed with the commissioner, no later than ten business days prior to the date of the first sale, a written notice of its intention to offer or sell improved lots, which notice shall be accompanied by a fee of \$50, together with a copy of the public offering statement accepted by the situs state and the standard purchase agreement which documents are required to be supplied by the subdivider to the purchaser; and

(2) the subdivider deposits all downpayments in an escrow account until all obligations of the subdivider to the purchaser, which are pursuant to the terms of the purchase agreement to be performed prior to the closing, have been performed. The subdivider shall provide the purchaser with a purchase receipt for the downpayment paid, a copy of the escrow agreement and the name, address, and telephone number of the escrow agent. The escrow agent shall be a bank located in Minnesota. All downpayments shall be deposited in the escrow account within two business days after receipt; and

(j) the offer of sale of subdivided lands by a subdivider that has been granted an exemption from registration by the federal Department of Housing and Urban Development under the multiple site subdivision exemption, if the subdivider provides a written notice of the offer of sale to the commissioner before any offers or sale commence.

The written notice must include the name of the subdivision, the county and state in which the subdivision is located, and the number of lots in the subdivision, and a notarized affidavit that all proposed improvements have been completed and the costs of all the improvements have been fully paid, or that the cost of any uncompleted road construction or survey expenses are covered by a bond or escrow account payable to the entities responsible for providing or completing the roads or surveys. The escrow account must be with an independent escrow agent.

The subdivider must also provide to the commissioner a copy of the federal Housing and Urban Development exemption order and the most recent annual confirmation letter which indicates that the order is still in effect.

If the closing services are provided by the subdivider or an affiliate of the subdivider, purchasers must manually initial in the Housing and Urban Development Lot Information Statement both the disclosure on all the liens, reservations, taxes, assessments, easements, and restrictions applicable to the lot purchased and the disclosure on the risks of not obtaining clear title.

The commissioner may, by rule or order, suspend, revoke, or further condition the exemptions contained in clauses (f), (g), (h), (i), and (j), or may require such further information as may be necessary for the protection of purchasers.

The commissioner may by rule or order suspend, revoke, or further condition the exemptions contained in clauses (f), (g), (h), and (i) or may require such further information as may be necessary for the protection of purchasers.

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14."

Page 12, line 1, reinstate the stricken "shall" and delete " may"

Page 15, delete lines 5 to 9 and insert:

"Subd. 2. [NONRESIDENT NOTARIES.] ~~Notwithstanding the provisions of subdivision 1, The governor may appoint as notary public, by and with the advice and consent of the senate, or the commissioner of commerce, acting on the governor's behalf, may appoint as notary public a person who is not a resident of this state if:~~"

Page 16, after line 7, insert:

"Sec. 26. [UNCLAIMED PROPERTY STUDY.]

The attorney general, in consultation with the department of commerce, shall study unclaimed property laws and make recommendations to the legislature by December 1, 1996, with respect to legal strategies and improved enforcement tools that the program could implement as a means to maximize the program's ability to collect and return unclaimed property to its proper owners in Minnesota."

Page 16, line 12, delete "to 9" and insert ", 10 to 12, and 26"

Page 32, line 4, delete "employees" and insert "employee"

Page 32, line 8, delete "and/or" and insert "or"

Page 32, line 9, delete "buyer" and insert "purchaser"

Page 32, line 13, delete "or 15b"

Page 32, line 14, delete the semicolon and insert a comma and after "or" insert "is a class of securities with respect to which the issuer files reports according to section 15(d) of the Securities Exchange Act of 1934; or"

Page 32, line 15, delete "Form" and insert "Rule"

Page 32, line 19, delete "showing"

Page 32, delete line 20

Page 32, line 21, delete everything before the period and insert "and any other information that the commissioner requires by rule or otherwise or, if applicable, a Securities and Exchange Form S-8"

Page 32, line 22, delete "30" and insert "90"

Page 34, after line 12, insert:

"Section 1. Minnesota Statutes 1994, section 82.19, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE REGARDING REPRESENTATION OF PARTIES.] (a) No person licensed pursuant to this chapter or who otherwise acts as a real estate broker or salesperson shall ~~represent any party to a real estate transaction or otherwise act as a real estate broker or salesperson unless that person makes an affirmative written disclosure as to which party that person represents in the transaction. In a residential real property transaction, the disclosure must be made at the first substantive contact between the licensee and the party or potential party to the transaction. The disclosure shall be printed as a separate document, and acknowledged by the signature of the buyer, seller, or customer.~~

~~(b) The disclosure required by this subdivision must be made by the licensee with respect to any residential property transaction:~~

~~(1) when representing the seller, at the signing of a listing agreement;~~

~~(2) when representing the buyer, at the signing of a buyer's broker agreement;~~

~~(3) as to all other parties (potential buyers or sellers) who are not represented by the licensee, before discussion of financial information or the commencement of negotiations, which could affect that party's bargaining position in the transaction.~~

~~A change in the licensee's representation, including dual agency, that makes the initial disclosure required by this paragraph incomplete, misleading, or inaccurate requires that a new disclosure be made at once fail to provide at the first substantive contact with a consumer in a residential real property transaction an agency disclosure form as set forth in section 82.197.~~

~~(e) (b) The seller may, in the listing agreement, authorize the seller's broker to disburse part of the broker's compensation to other brokers, including the buyer's brokers solely representing the buyer. A broker representing a buyer shall make known to the seller or the seller's agent the fact of the agency relationship before any showing or negotiations are initiated.~~

Sec. 2. Minnesota Statutes 1994, section 82.195, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] All listing agreements must be in writing and must include:

(1) a definite expiration date;

(2) a description of the real property involved;

(3) the list price and any terms required by the seller;

(4) the amount of any compensation or commission or the basis for computing the commission;

(5) a clear statement explaining the events or conditions that will entitle a broker to a commission;

(6) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the seller with a protective list within 72 hours after the expiration of the listing agreement;

(7) the following notice in not less than ten point boldface type immediately preceding any provision of the listing agreement relating to compensation of the licensee:

"NOTICE: THE COMMISSION RATE FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ITS CLIENT.";

~~(8) if the broker chooses to represent both buyers and sellers in connection with residential property transactions, a the following "dual agency" disclosure statement:~~

If a buyer represented by broker wishes to buy your property, a dual agency will be created. This means that broker will represent both you and the buyer(s), and owe the same duties to the buyer(s) that broker owes to you. This conflict of interest will prohibit broker from advocating exclusively on your behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct broker in writing to disclose specific information about you. All other information will be shared. Broker cannot act as a dual agent unless both you and the buyer(s) agree to it. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want broker to represent you, you may give up the opportunity to sell your property to buyers represented by broker.

Seller's Instructions to Broker

Having read and understood this information about dual agency, seller(s) now instructs broker as follows:

..... Seller(s) will agree to a dual agency representation and will consider offers made by buyers represented by broker.

..... Seller will not agree to a dual agency representation and will not consider offers made by buyers represented by broker.

.....
Seller

.....
Broker

.....
Seller

By:.....
Salesperson

Date:..... ;

(9) a notice requiring the seller to indicate in writing whether it is acceptable to the seller to have the licensee arrange for closing services or whether the seller wishes to arrange for others to conduct the closing. The notice must also include the disclosure of any controlled business arrangement, as the term is defined in United States Code, title 12, section 2602, between the licensee and the real estate closing agent through which the licensee proposes to arrange closing services; and

(10) for residential listings, a notice stating that after the expiration of the listing agreement, the seller will not be obligated to pay the licensee a fee or commission if the seller has executed another valid listing agreement pursuant to which the seller is obligated to pay a fee or commission to another licensee for the sale, lease, or exchange of the real property in question. This notice may be used in the listing agreement for any other type of real estate.

Sec. 3. Minnesota Statutes 1994, section 82.196, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] Licensees shall obtain a signed buyer's broker agreement from a buyer before performing any acts as a buyer's representative and before a purchase agreement is signed.

Sec. 4. Minnesota Statutes 1994, section 82.196, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] All buyer's broker agreements must be in writing and must include:

- (1) a definite expiration date;
- (2) the amount of any compensation or commission, or the basis for computing the commission;
- (3) a clear statement explaining the services to be provided to the buyer by the broker, and the events or conditions that will entitle a broker to a commission or other compensation;
- (4) a provision for cancellation of the agreement by either party upon terms agreed upon by the parties;
- (5) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the buyer with a protective list within 72 hours after the expiration of the buyer's broker agreement;
- (6) the following notice in not less than ten point bold face type immediately preceding any provision of the buyer's broker agreement relating to compensation of the licensee:

"NOTICE: THE COMMISSION RATE FOR THE PURCHASE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY IS NEGOTIABLE AND SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ITS CLIENT.";

(7) if the broker chooses to represent both buyers and sellers, a the following "dual agency" disclosure statement:

If you choose to purchase a property listed by broker, a dual agency will be created. This means that broker will represent both you and the seller(s), and owe the same duties to the seller(s) that broker owes to you. This conflict of interest will prohibit broker from advocating exclusively on your behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct broker in writing to disclose specific information about you. All other information will be shared. Broker cannot act as a dual agent unless both you and the seller(s) agree to it. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want broker to represent you, you may give up the opportunity to purchase the properties listed by broker.

Buyer's Instructions to Broker

..... Buyer(s) will agree to a dual agency representation and will consider properties listed by broker.

..... Buyer will not agree to a dual agency representation and will not consider properties listed by broker.

.....
Buyer

.....
Broker

.....
Buyer

By:.....
Salesperson

Date:..... ; and

(8) for buyer's broker agreements which involve residential real property, a notice stating that after the expiration of the buyer's broker agreement, the buyer will not be obligated to pay the licensee a fee or commission if the buyer has executed another valid buyer's broker agreement pursuant to which the buyer is obligated to pay a fee or commission to another licensee for the purchase, lease, or exchange of real property.

Sec. 5. Minnesota Statutes 1994, section 82.197, subdivision 1, is amended to read:

Subdivision 1. [AGENCY DISCLOSURE.] The listing agreement or a buyer's broker agreement must include a clear and complete explanation of how the broker will represent the interests of the seller or buyer, and, if the broker represents both sellers and buyers, state how that representation would be altered in a dual agency situation, and require the seller or buyer to choose whether to authorize the broker to initiate any transaction which would give rise to dual agency. Disclosure to a customer of a licensee's agency relationship with other parties must be made at a time and in a manner sufficient to protect the customer's bargaining position. A real estate broker or salesperson shall provide to a consumer in a residential real property transaction at the first substantive contact with the consumer an agency disclosure form in substantially the form set forth in subdivision 4. The agency disclosure form shall be intended to provide a description of available options for agency and nonagency relationships, and a description of the role of a licensee under each option. The agency disclosure form shall provide a signature line for acknowledgment of receipt by the consumer.

Sec. 6. Minnesota Statutes 1994, section 82.197, subdivision 2, is amended to read:

Subd. 2. [CREATION OF DUAL AGENCY.] If circumstances create a dual agency situation, the broker must make full disclosure to all parties to the transaction as to the change in relationship of the parties to the broker due to dual agency. A broker, having made full disclosure, must obtain the consent of all parties to these circumstances before accepting the dual agency, in the purchase agreement in the form set forth below which shall be set off in a boxed format to draw attention to it:

Broker represents both the seller(s) and the buyer(s) of the property involved in this transaction, which creates a dual agency. This means that broker and its salespersons owe fiduciary duties to both seller(s) and buyer(s). Because the parties may have conflicting interests, broker and its salespersons are prohibited from advocating exclusively for either party. Broker cannot act as a dual agent in this transaction without the consent of both seller(s) and buyer(s). Seller(s) and buyer(s) acknowledge that:

(1) confidential information communicated to broker which regards price, terms, or motivation to buy or sell will remain confidential unless seller(s) or buyer(s) instructs broker in writing to disclose this information. Other information will be shared;

(2) broker and its salespersons will not represent the interests of either party to the detriment of the other; and

(3) within the limits of dual agency, broker and its salespersons will work diligently to facilitate the mechanics of the sale.

With the knowledge and understanding of the explanation above, seller(s) and buyer(s) authorize and instruct broker and its salespersons to act as dual agents in this transaction.

..... Seller	..... Buyer	.....
..... Seller	..... Buyer	.....
..... Date	..... Date	.....

Sec. 7. Minnesota Statutes 1994, section 82.197, subdivision 3, is amended to read:

Subd. 3. [SCOPE AND EFFECT.] Disclosures made in accordance with the requirements for disclosure of agency relationships set forth in this chapter are sufficient to satisfy common law disclosure requirements. In addition, when a principal in the transaction is a licensee or a relative or business associate of the licensee, that fact must be disclosed in writing in addition to any other required disclosures. ~~The commissioner, in consultation with representatives of the real estate industry, consumer groups, the attorney general's office, and any other group deemed appropriate by the commissioner, shall study current required disclosure forms and recommend any additions that may be necessary to ensure that consumers are informed of the various agency relations and how they affect the consumer. The commissioner shall prepare legislation for the 1995 session which incorporates those recommendations.~~

Sec. 8. Minnesota Statutes 1994, section 82.197, subdivision 4, is amended to read:

Subd. 4. [AGENCY DISCLOSURE FORMS FORM.] ~~(a) Disclosures of agency relationships~~ The agency disclosure form shall be made in substantially the form set forth in paragraphs (b) to (e) below:

(b) ADDENDUM TO LISTING AGREEMENT

~~....(Broker).... will be representing you as your broker in the sale of your property located at This relationship is called an agency. As your agent,(Broker).... owes you the duties of loyalty, obedience, disclosure, confidentiality, reasonable care and diligence, and full accounting. However,(Broker).... also represents buyers looking for properties. If a buyer represented by(Broker).... becomes interested in your property, a dual agency will be created. This means that(Broker).... will owe the same duties to the buyer that we owe to you. This conflict of interest will prohibit(Broker).... from advocating exclusively on your behalf when attempting to effect the sale of your property. Dual agency will limit the level of representation which(Broker).... can provide.~~

~~If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct(Broker).... in writing to disclose specific information about you or your property. All other information will be shared.~~

Regardless of whether a dual agency occurs,(Broker).... must disclose to the buyer any material facts of which(Broker).... is aware that may adversely and significantly affect the buyer's use or enjoyment of the property. In addition,(Broker).... must disclose to both parties any information of which(Broker).... is aware that a party will not perform in accordance with the terms of the purchase agreement or similar written agreement to convey real estate.

....(Broker).... cannot act as a dual agent unless both you and the buyer agree to the dual agency after it is disclosed to you. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want(Broker).... to represent you, you may give up the opportunity to sell your property to buyers represented by(Broker)....

SELLER'S INSTRUCTIONS TO BROKER

Having read and understood this information about dual agency, you now instruct(Broker).... as follows:

.... Seller agrees to dual agency representation and will consider offers made by buyers represented by(Broker)....

.... Seller does not agree to dual agency representation and will not consider offers made by buyers represented by(Broker)....

.....	
Seller	(Broker)	
.....	BY:.....	
Seller	Salesperson	
Dated:.....		

(c) ADDENDUM TO BUYER REPRESENTATION AGREEMENT

....(Broker).... will be representing you as your broker to assist you in finding and purchasing a property. This relationship is called an agency. As your agent,(Broker).... owes you the duties of loyalty, obedience, disclosure, confidentiality, reasonable care and diligence, and full accounting. However,(Broker).... also represents sellers by listing their property for sale. If you become interested in a property listed by(Broker)...., a dual agency will be created. This means that(Broker).... will owe the same duties to the seller that(Broker).... owes to you. This conflict of interest will prohibit(Broker).... from advocating exclusively on your behalf when attempting to effect the purchase of the property. Dual agency will limit the level of representation(Broker).... can provide.

If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct(Broker).... in writing to disclose specific information about you. All other information will be shared. Regardless of whether a dual agency occurs,(Broker).... must disclose to the buyer any material facts of which(Broker).... is aware that may adversely and significantly affect the buyer's use or enjoyment of the property. In addition,(Broker).... must disclose to both parties any information of which(Broker).... is aware that a party will not perform in accordance with the terms of the purchase agreement or similar written agreement to convey real estate.

....(Broker).... cannot act as a dual agent unless both you and the seller agree to the dual agency after it is disclosed to you. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want(Broker).... to represent you, you may give up the opportunity to purchase the properties listed by(Broker)....

BUYER'S INSTRUCTIONS TO BROKER

Having read and understood this information about dual agency, you now instruct(Broker).... as follows:

.... Buyer will agree to a dual agency representation and will consider properties listed by(Broker)....

.... Buyer will not agree to a dual agency representation and will not consider properties listed by(Broker).....

.....
Buyer	(Broker)
.....	BY:.....
Buyer	Salesperson
Dated:.....	

(d) DISCLOSURE TO CUSTOMER

Before(Broker).... begins to assist you in finding and purchasing a property, we must disclose to you that(Broker).... will be representing the seller in the transaction.

....(Broker).... will disclose to you all material facts about the property of which(Broker).... is aware, that could adversely and significantly affect your use or enjoyment of the property.(Broker).... will also assist you with the mechanics of the transaction.

When it comes to the price and terms of an offer,(Broker).... will ask you to make the decision as to how much to offer for any property and upon what terms and conditions.(Broker).... can explain your options to you, but the ultimate decision is yours.(Broker).... will attempt to show you properties in the price range and category you desire so that you will have information on which to base your decision.

....(Broker).... will present to the seller any written offer that you ask(Broker).... to present.(Broker).... asks you to keep to yourself any information about the price or terms of your offer, or your motivation for making an offer, that you do not want the seller to know.(Broker).... would be required, as the seller's agent, to disclose this information to the seller. You should carefully consider sharing any information with(Broker).... that you do not want disclosed to the seller.

.....
Customer	(Broker)
.....	BY:.....
Customer	Salesperson
Dated:.....	

(e) DISCLOSURE TO BUYER AND SELLER AT TIME OF OFFER TO PURCHASE

....(Broker).... represents the seller at the property located at

....(Broker).... also represents a buyer who offered to purchase the seller's property.

When(Broker).... represents both the buyer and the seller in a transaction, a dual agency is created. This means that(Broker).... and its agents owe a fiduciary duty to both buyer and seller. Because buyer and seller may have conflicting interests,(Broker).... and its agents are prohibited from advocating exclusively for either party.

....(Broker).... cannot represent both the buyer and seller in this transaction unless both the buyer and seller agree to this dual agency.

Buyer and seller acknowledge and agree that:

1. Confidential information communicated to(Broker).... which regards price, terms, or motivation to buy or sell will remain confidential unless buyer or seller instructs(Broker).... in writing to disclose this information about the buyer or seller. Other information will be shared.

2.(Broker).... and its salespersons will disclose to buyer all material facts of which they are aware which could adversely and significantly affect the buyer's use or enjoyment of the property or any intended use of the property of which(Broker).... or its salespersons are aware (this disclosure is required by law whether or not a dual agency is involved).

3.(Broker).... and its salespersons will disclose to both parties all information of which they are aware that either party will not perform in accordance with the terms of the purchase agreement or other written agreement to convey real estate (this disclosure is required by law whether or not a dual agency is involved).

4.(Broker).... and its salespersons will not represent the interests of either party to the detriment of the other.

5. Within the limits of dual agency,(Broker).... and its salespersons will work diligently to facilitate the mechanics of the sale.

With the knowledge and understanding of the explanation above, buyer and seller authorize and instruct(Broker).... and its salespersons to act as dual agents in this transaction.

.....
Buyer

.....
Seller

.....
Buyer

.....
Seller

Date:.....

Date:.....

AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

Minnesota law requires that early in any relationship, real estate brokers or salespersons discuss with consumers what type of agency representation or relationship they desire.(1) The available options are listed below. This is not a contract. This is an agency disclosure form only. If you desire representation, you must enter into a written contract according to state law (a listing contract or a buyer representation contract). Until such time as you choose to enter into a written contract for representation or assistance, you will be treated as a customer of the broker or salesperson and not represented by the brokerage. The broker or salesperson would then be acting as a Seller's broker (see paragraph I below), or as a nonagent (see paragraph IV below).

I.

Seller's Broker: A broker who lists a property, or a salesperson who is licensed to the listing broker, represents the Seller and acts on behalf of the Seller. A broker or salesperson working with a Buyer may also act as a subagent of the Seller, in which case the Buyer is the broker's customer and is not represented by that broker. A Seller's broker owes to the Seller the fiduciary duties described below.(2) The broker must also disclose to the Buyer any material facts of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property. If a broker or salesperson working with a Buyer as a customer is representing the Seller, he or she must act in the Seller(s)' interests and must tell the Seller(s) any information disclosed to him/her. In that case, the Buyer will not be represented and will not receive advice and counsel from the broker or salesperson.

II.

Buyer's Broker: A Buyer may enter into an agreement for the broker or salesperson to represent and act on behalf of the Buyer. The broker may represent the Buyer only, and not the Seller, even if s/he is being paid in whole or in part by the Seller. A Buyer's broker owes to the Buyer the fiduciary duties described below.(2) The broker must disclose to the Buyer any material facts of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property.

III.

Dual Agency-Broker Representing both Seller and Buyer: Dual agency occurs when one broker or salesperson represents both parties to a transaction, or when two salespersons licensed to the same broker each represent a party to the transaction. Dual agency requires the informed consent of all parties, and means that the broker and salesperson owe the same duties to the Seller and the Buyer. This role limits the level of representation the broker and salespersons can provide, and prohibits them from acting exclusively for either party. In a dual agency,

confidential information about price, terms, and motivation for pursuing a transaction will be kept confidential unless one party instructs the broker or salesperson in writing to disclose specific information about him or her. Other information will be shared. Dual agents may not advocate for one party to the detriment of the other.(3)

Within the limitations described above, dual agents owe to both Seller and Buyer the fiduciary duties described below.(2) Dual agents must disclose to Buyers any material facts of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property.

IV.

Nonagent: A broker or salesperson may perform services for either party as a nonagent, if that party signs a nonagency services agreement. As a nonagent the broker or salesperson facilitates the transaction, but does not act on behalf of either party. THE NONAGENT BROKER OR SALESPERSON DOES NOT OWE ANY PARTY ANY OF THE FIDUCIARY DUTIES LISTED BELOW, UNLESS THOSE DUTIES ARE INCLUDED IN THE WRITTEN NONAGENCY SERVICES AGREEMENT. The nonagent broker or salesperson owes only those duties required by law or contained in the written nonagency services agreement.

ACKNOWLEDGMENT: I/We acknowledge that I/We have been presented with the above-described options. I/We understand that Buyers who have not signed a Buyer representation contract or nonagency services agreement are not represented by the broker/salesperson and information given to the broker/salesperson will be disclosed to the Seller. I/We understand that written consent is required for a dual agency relationship. This is a disclosure only, NOT a contract for representation.

..... Seller	..... Date	..... Buyer	..... Date
..... Seller	..... Date	..... Buyer	..... Date

(1) This disclosure is required by law in any transaction involving property occupied or intended to be occupied by one to four families as their residence.

(2) The fiduciary duties mentioned above are listed below and have the following meanings:

Loyalty-broker/salesperson will act only in client(s)' best interest.

Obedience-broker/salesperson will carry out all client(s)' lawful instructions.

Disclosure-broker/salesperson will disclose to client(s) all material facts of which broker/salesperson has knowledge which might reasonably affect the client's rights and interests.

Confidentiality-broker/salesperson will keep client(s)' confidences unless required by law to disclose specific information (such as disclosure of material facts to Buyers).

Reasonable Care-broker/salesperson will use reasonable care in performing duties as an agent.

Accounting-broker/salesperson will account to client(s) for all client(s)' money and property received as agent.

(3) If Seller(s) decides not to agree to a dual agency relationship, Seller(s) may give up the opportunity to sell the property to Buyers represented by the broker/salesperson. If Buyer(s) decides not to agree to a dual agency relationship, Buyer(s) may give up the opportunity to purchase properties listed by the broker."

Page 36, line 27, strike "or more years" and insert "year"

Page 36, after line 32, insert:

"Sec. 13. [REPEALER.]

Laws 1994, chapter 447, section 2, is repealed."

Page 36, line 34, delete "1 and 3" and insert "9, 11, and 13"

Pages 37 to 39, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 1994, section 326.37, is amended by adding a subdivision to read:

Subd. 3. [EXEMPTION.] No license authorized by this section shall be required of any contractor or employee engaged in the work or business of pipe laying outside of buildings if such person is engaged in a business or trade which has traditionally performed such work within the state prior to January 1, 1994."

Page 40, line 19, delete "5 and 7" and insert "4 and 6"

Page 40, line 21, delete "6" and insert "5"

Page 40, after line 21, insert:

"ARTICLE 5
INSURANCE

Section 1. [60A.075] [MUTUAL COMPANY CONVERSION TO STOCK COMPANY.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms in this subdivision have the meanings given them.

(a) "Eligible member" means a policyholder whose policy is in force as of the record date, which is the date that the mutual company's board of directors adopts a plan of conversion or some other date specified as the record date in the plan of conversion and approved by the commissioner. Unless otherwise provided in the plan, a person insured under a group policy is not an eligible member, unless on the record date:

(1) the person is insured or covered under a group life policy or group annuity contract under which funds are accumulated and allocated to the respective covered persons;

(2) the person has the right to direct the application of the funds so allocated;

(3) the group policyholder makes no contribution to the premiums or deposits for the policy or contract; and

(4) the converting mutual company has the names and addresses of the persons covered under the group life policy or group annuity contract.

(b) "Reorganized company" means a Minnesota domestic stock insurance company that has converted from a Minnesota domestic mutual insurance company according to this section.

(c) "Plan of conversion" or "plan" means a plan adopted by a Minnesota domestic mutual insurance company's board of directors under this section to convert the mutual company into a Minnesota domestic stock insurance company.

(d) "Policy" means a policy or contract of insurance issued by a converting mutual company, including an annuity contract.

(e) "Commissioner" means the commissioner of commerce.

(f) "Converting mutual company" means a Minnesota domestic mutual insurance company seeking to convert to a Minnesota domestic stock insurance company according to this section.

(g) "Effective date of a conversion" means the date determined according to subdivision 6.

(h) "Membership interests" means all policyholders' rights as members of the converting mutual company, including but not limited to, rights to vote and to participate in any distributions of surplus, whether or not incident to the company's liquidation.

(i) "Equitable surplus" means the converting mutual company's surplus as regards policyholders as of the effective date of the conversion determined in a manner that is not unfair or inequitable to policyholders.

(j) "Permitted issuer" means: (1) a corporation organized and owned by the converting mutual company or by any other insurance company or insurance holding company for the purpose of purchasing and holding all of the stock of the reorganized company; (2) a stock insurance company owned by the converting mutual company or by any other insurance company or insurance holding company into which the converting mutual company will be merged; or (3) any other corporation approved by the commissioner.

Subd. 2. [AUTHORIZATION.] A mutual insurance company may become a stock insurance company according to a plan of conversion established and approved in the manner provided by this section.

Subd. 3. [ADOPTION OF A PLAN OF CONVERSION BY THE BOARD OF DIRECTORS.] (a) A converting mutual company shall, by the affirmative vote of a majority of its board of directors, adopt a plan of conversion consistent with the requirements of this section.

(b) At any time before approval of a plan by the commissioner, the converting mutual company, by the affirmative vote of a majority of its board of directors, may amend or withdraw the plan.

Subd. 4. [APPROVAL OF THE PLAN OF CONVERSION BY THE COMMISSIONER.] (a) [DOCUMENTS TO BE FILED.] After adoption of the plan by the converting mutual company's board of directors, but before the member's approval of the plan, the converting mutual company shall file the following documents with the commissioner for review and approval:

(1) the plan of conversion, including an independent evaluation of the pro forma market value and of the equitable surplus of the company and of the estimated value of any shares to be issued and an independent actuarial opinion, if required;

(2) the form of notice of meeting for eligible members to vote on the plan;

(3) the form of any proxies to be solicited from eligible members;

(4) the proposed articles of incorporation and bylaws of the converted stock company;

(5) information required under chapter 60D if the plan results in a change of control of the converting mutual company; and

(6) other information or documentation requested by the commissioner or required by rule.

(b) [REQUIRED FINDINGS.] The commissioner shall approve or conditionally approve the plan upon finding that:

(1) the provisions of this section have been fully met; and

(2) the plan will not be unfair or inequitable to policyholders.

(c) [TIME.] The plan of conversion shall, by order, be approved, conditionally approved, or disapproved by the commissioner within the later of 30 days from the commissioner's receipt of all required information from the converting mutual company or 30 days after the conclusion of a public hearing held according to paragraph (e). An approval or conditional approval of a plan expires if the reorganization is not completed within 180 days unless this time period is extended by the commissioner for good cause shown.

(d) [CONSULTANTS.] The commissioner may retain, at the converting mutual company's expense, qualified experts not otherwise a part of the commissioner's staff to assist in reviewing the plan and supplemental materials and valuations.

(e) [HEARING.] The commissioner may, but need not, conduct a public hearing regarding the proposed plan of conversion. The hearing must begin no later than 30 days after submission to the commissioner of a plan of conversion and all required information. The commissioner shall give the converting mutual company at least 20 days' notice of the hearing. At the hearing, the converting mutual company, its policyholders, and any other person whose interest may be affected by the proposed conversion may present evidence, examine and cross-examine witnesses, and offer oral and written arguments or comments according to the procedure for contested cases under chapter 14. The persons participating may conduct discovery proceedings in the same manner as prescribed for the district courts of this state. All discovery proceedings must be concluded no later than three days before the scheduled commencement date of the public hearing.

Subd. 5. [APPROVAL OF THE PLAN BY THE ELIGIBLE MEMBERS.] (a) [NOTICE.] Following approval or conditional approval of the plan by the commissioner, all eligible members shall be given notice of a regular or special meeting of the policyholders called for the purpose of considering the plan and any corporate actions that are a part of, or are reasonably attendant to, the accomplishment of the plan.

(b) [NOTICE REQUIRED.] A copy of the plan or a summary of the plan must accompany the notice. The notice must be mailed to each eligible member's last known address, as shown on the converting mutual company's records, within 45 days of the commissioner's approval of the plan, unless the commissioner directs an earlier date for mailing. The meeting to vote upon the plan must be set for a date no less than 45 days after the date when the notice of the meeting is mailed by the converting mutual company unless the commissioner directs an earlier date for the meeting. If the meeting to vote upon the plan is held coincident with the converting mutual company's annual meeting of policyholders, only one combined notice of meeting is required.

(c) [FAILURE TO GIVE NOTICE.] If the converting mutual company complies substantially and in good faith with the notice requirements of this section, the converting mutual company's failure to give any member or members any required notice does not impair the validity of any action taken under this section.

(d) [VOTING.] (1) The plan must be adopted upon receiving the affirmative vote of a majority of the votes cast by eligible members.

(2) Eligible members may vote in person or by proxy. The form of any proxy must be filed with and approved by the commissioner.

(3) The number of votes each eligible member may cast shall be determined by the converting mutual company's bylaws. If the bylaws are silent, or if the commissioner determines that the voting requirements under the bylaws would be unfair or would prejudice the rights of the eligible members, each eligible member may cast one vote.

Subd. 6. [CONVERSION.] (a) [FILING.] Following approval by the members, the converting mutual company shall file a copy of the company's amended or restated articles of incorporation with the commissioner, together with a certified copy of the minutes of the meeting at which the plan was adopted and a certified copy of the plan. The commissioner shall review and, if appropriate, approve the amended or restated articles. After approval by the commissioner the converting mutual company shall file the articles with the secretary of state as provided by chapter 300.

(b) [EFFECTIVE DATE.] Effective on the date of filing an amendment or restatement of the articles of incorporation with the secretary of state as provided by chapter 300, or on a later date if the plan so specifies, the converting mutual corporation shall become a stock corporation and shall no longer be a mutual corporation.

Subd. 7. [PLAN NOT UNFAIR OR INEQUITABLE.] A plan of conversion shall not be unfair or inequitable to policyholders. A plan of conversion is not unfair or inequitable if it satisfies the conditions of subdivision 8, 9, or 10. The commissioner may determine that any other plan proposed by a converting mutual company is not unfair or inequitable to policyholders.

Subd. 8. [SHARE CONVERSION.] A plan of conversion under this subdivision shall provide

for exchange of policyholders' membership interests in return for shares in the reorganized company, according to paragraphs (a) to (c).

(a) The policyholders' membership interests shall be exchanged, in a manner that takes into account the estimated proportionate contribution of equitable surplus of each class of participating policies and contracts, for all of the common shares of the reorganized company or its parent company or a permitted issuer, or for a combination of the common shares of the reorganized company or its parent company or a permitted issuer.

(b) Unless the anticipated issuance within a shorter period is disclosed, the issuer of common shares shall not, within two years after the effective date of reorganization, issue either of the following:

(1) any of its common shares or any securities convertible with or without consideration into the common shares or carrying any warrant to subscribe to or purchase common shares; and

(2) any warrant, right, or option to subscribe to or purchase the common shares or other securities described in paragraph (a), except for the issue of common shares to or for the benefit of policyholders according to the plan of conversion and the issue of options for the purchase of common shares being granted to officers, directors, or employees of the reorganized company or its parent company, if any, according to this section.

(c) Unless the common shares have a public market when issued, the issuer shall use its best efforts to encourage and assist in the establishment of a public market for the common shares within two years of the effective date of the conversion or a longer period as disclosed in the plan of conversion. Within one year after any offering of stock other than the initial distribution, but no later than six years after the effective date of the conversion, the reorganized company shall offer to make available to policyholders who received and retained shares of common stock or securities described in paragraph (b), clause (1), a procedure to dispose of those shares of stock at market value without brokerage commissions or similar fees.

Subd. 9. [SURPLUS DISTRIBUTION.] A plan of conversion under this subdivision shall provide for the exchange of the policyholders' membership interests in return for the operation of the converting mutual company's participating policies as a closed block of business and for the distribution of the company's equitable surplus to policyholders, and shall provide for the issuance of new shares of the reorganized company or its parent corporation, each according to paragraphs (a) to (i).

(a) The converting mutual company's participating business, comprised of its participating policies and contracts in force on the effective date of the conversion or other reasonable date as provided in the plan, shall be operated by the reorganized company as a closed block of participating business. However, at the option of the converting mutual company, group policies and group contracts may be omitted from the closed block.

(b) Assets of the converting mutual company must be allocated to the closed block of participating business in an amount equal to the reserves and liabilities for the converting mutual life insurer's participating policies and contracts in force on the effective date of the conversion. The plan must be accompanied by an opinion of an independent qualified actuary who meets the standards set forth in the insurance laws or regulations for the submission of actuarial opinions as to the adequacy of reserves or assets. The opinion must relate to the adequacy of the assets allocated to support the closed block of business. The actuarial opinion must be based on methods of analysis considered appropriate for those purposes by the Actuarial Standards Board.

(c) The reorganized company shall keep a separate accounting for the closed block and shall make and include in the annual statement to be filed with the commissioner each year a separate statement showing the gains, losses, and expenses properly attributable to the closed block.

(d) Notwithstanding the establishment of a closed block, the entire assets of the reorganized company shall be available for the payment of benefits to policyholders. Payment must first be made from the assets supporting the closed block until exhausted, and then from the general assets of the reorganized company.

(e) The converting mutual company's equitable surplus shall be distributed to eligible participating policyholders in a form or forms selected by the converting mutual company. The form of distribution may consist of cash, securities of the reorganized company, securities of another institution, a certificate of contribution, additional life insurance, annuity benefits, increased dividends, reduced premiums, or other equitable consideration or any combination of forms of consideration. The consideration, if any, given to a class or category of policyholders may differ from the consideration given to another class or category of policyholders. A certificate of contribution must be repayable in ten years, be equal to 100 percent of the value of the policyholders' membership interest, and bear interest at the highest rate charged by the reorganized company for policy loans on the effective date of the conversion.

(f) The consideration must be allocated among the policyholders in a manner that is fair and equitable to the policyholders.

(g) The reorganized company or its parent corporation shall issue and sell shares of one or more classes having a total price equal to the estimated value in the market of the shares on the initial offering date. The estimated value must take into account all of the following:

(1) the pro forma market value of the reorganized company;

(2) the consideration to be given to policyholders according to paragraph (e);

(3) the proceeds of the sale of the shares; and

(4) any additional value attributable to the shares as a result of a purchaser or a group of purchasers who acted in concert to obtain shares in the initial offering, attaining, through such purchase, control of the reorganized company or its parent corporation.

(h) If a purchaser or a group of purchasers acting in concert is to attain control in the initial offering, the mutual company shall not, directly or indirectly, pay for any of the costs or expenses of conversion of the mutual company, whether or not the conversion is effected.

(i) Periodically, with the commissioner's approval, the reorganized company may share in the profits of the closed block of participating business for the benefit of stockholders if the assets allocated to the closed block are in excess of those necessary to support the closed block.

Subd. 10. [SUBSCRIPTION RIGHTS.] A plan of conversion under this subdivision shall provide for exchange of the policyholders' membership interests in return for the operation of the converting mutual company's participating policies as a closed block of business, for the creation of a liquidation account to protect the interests of policyholders, and for the issuance of subscription rights to eligible policyholders, and shall provide for the issuance of shares by the reorganized company, each according to paragraphs (a) to (j).

(a) The converting mutual company's participating business, comprised of its participating policies and contracts in force on the effective date of the conversion, or such other reasonable date specified in the plan, and excluding at the converting mutual company's option any group policies or group contracts, shall be operated by the reorganized company as a closed block of participating business according to subdivision 9, paragraphs (a) to (c).

(b) The reorganized company or its parent corporation or a permitted issuer shall issue and sell shares of one or more classes having a total price equal to the estimated value of the shares in the market on the initial offering date taking into account the proceeds of the sale of shares and the consideration given to policyholders.

(c) The policyholders shall receive nontransferable preemptive subscription rights to purchase all of the common shares of the issuer according to paragraph (b).

(d) The preemptive subscription rights to purchase the common shares must be allocated among the participating policyholders in whole shares in a manner provided in the plan that takes into account the estimated contribution of each class of participating policies and contracts to the total amount of the policyholders' consideration. The plan must provide a fair and equitable means for the allocation of shares in the event of an oversubscription. The plan must further provide that

any shares of capital stock not subscribed by eligible members must be sold in a public offering through an underwriter, unless the number of shares unsubscribed is so small in number so as not to warrant the expense of a public offering, in which case the plan may provide for the purchase of the unsubscribed shares by private placement or through any fair and equitable alternative means approved by the commissioner.

(e) The number of the common shares that a person, together with any affiliates or group of persons acting in concert, may subscribe or purchase in the reorganization, must be limited to not more than five percent of the common shares. For this purpose, neither the members of the board of directors of the reorganized company nor its parent corporation, if any, is considered to be affiliates or a group of persons acting in concert solely by reason of their board membership.

(f) Unless the common shares have a public market when issued, officers and directors of the issuer and their affiliates shall not, for at least three years after the date of conversion, purchase common shares of the issuer, except with the approval of the commissioner.

(g) Unless the common shares have a public market when issued, the issuer shall use its best efforts to encourage and assist in the establishment of a public market for the common shares.

(h) The issuer shall not, for at least three years following the conversion, repurchase any of its common shares except according to a pro rata tender offer to all shareholders, or with the approval of the commissioner.

(i) A liquidation account must be established for the benefit of policyholders in the event of a complete liquidation of the reorganized company. The liquidation account must be equal to the equitable surplus of the converting mutual company as of the effective date of the conversion. The function of the liquidation account is solely to establish a priority on liquidation and its existence does not restrict the use or application of the surplus of the reorganized company except as specified in paragraph (a). The liquidation account must be allocated equitably as of the effective date of conversion among the then participating policyholders. The amount allocated to a policy or contract must not increase and must be reduced to zero when the policy or contract terminates. In the event of a complete liquidation of the reorganized company, the policyholders among which the liquidation account is allocated are entitled to receive a liquidation distribution in the amount of the liquidation account before any liquidation distribution is made with respect to shares.

(j) Until the liquidation account has been reduced to zero, the issuer shall not declare or pay a cash dividend on, or repurchase any of, its common shares in an amount in excess of its cumulative earned surplus generated after the conversion determined according to statutory accounting principles, if the effect would be to cause the amount of the statutory surplus of the reorganized company to be reduced below the then amount of the liquidation account.

Subd. 11. [OPTIONAL PROVISIONS.] A plan under subdivision 8, 9, or 10 may include, with the approval of the commissioner, any of the provisions in paragraphs (a) and (b).

(a) A plan may provide that any shares of the stock of the reorganized company or its parent corporation or a permitted issuer included in the policyholders' consideration must be placed on the effective date of the conversion in a trust or other entity existing for the exclusive benefit of the participating policyholders and established solely for the purposes of effecting the reorganization. Under this option, the shares placed in trust must be sold over a period of not more than ten years and the proceeds of the shares must be distributed using the distribution priorities prescribed in the plan.

(b) A plan may provide that the directors and officers of the converting mutual company shall receive, without payment, nontransferable subscription rights to purchase capital stock of the reorganized company, its parent, or a permitted issuer. Those subscription rights must be allocated among the directors and officers by a fair and equitable formula.

(1) The total number of shares that may be purchased under this clause, may not exceed 35 percent of the total number of shares to be issued in the case of a converting mutual company with total assets of less than \$50,000,000 or 25 percent of the total shares to be issued in the case of a converting mutual company with total assets of more than \$500,000,000. For converting mutual

companies with total assets between \$50,000,000 and \$500,000,000, the total number of shares that may be purchased may not exceed an interpolated percentage between 25 and 35 percent.

(2) Stock purchased by a director or officer under clause (1), may not be sold within one year following the effective date of the conversion.

(3) The plan may also provide that a director, or officer or person acting in concert with a director or officer of the converting mutual company, may not acquire any capital stock of the reorganized company for three years after the effective date of the conversion, except through a licensed securities broker or dealer, without the permission of the commissioner. That provision may not apply to prohibit the directors and officers from purchasing stock through subscription rights received in the plan under clause (1).

(c) A plan may allocate to a tax-qualified employee benefit plan nontransferable subscription rights to purchase up to ten percent of the capital stock of the reorganized company, its parent or a permitted issuer. The employee benefit plan must be entitled to exercise its subscription rights regardless of the amount of shares purchased by other persons.

Subd. 12. [ALTERNATIVE PLAN OF CONVERSION.] In lieu of selecting a plan of conversion provided for in this section, the converting mutual company may convert according to a plan approved by the commissioner if the commissioner finds that the plan does not prejudice the interests of the members, is fair and equitable, and is based upon an independent appraisal of the market value of the mutual company by a qualified person, and is a fair and equitable allocation of any consideration to be given eligible members. The commissioner may retain, at the converting mutual company's expense, any qualified expert not otherwise a part of the commissioner's staff to assist in reviewing whether the alternative plan may be approved and the valuation of the company.

Subd. 13. [EFFECT OF CONVERSION.] (a) Upon the conversion of a converting mutual company to a reorganized company according to this section, the corporate existence of the converting mutual company must be continued in the reorganized company. All the rights, franchises, and interests of the converting mutual company in and to all property and things in action belonging to this property, is considered transferred to and vested in the reorganized company without any deed or transfer. Simultaneously, the reorganized company is considered to have assumed all the obligations and liabilities of the converting mutual company.

(b) The directors and officers of the converting mutual company, unless otherwise specified in the plan of conversion, shall serve as directors and officers of the reorganized company until new directors and officers of the reorganized company are duly elected according to the articles of incorporation and bylaws of the reorganized company.

(c) All policies in force on the effective date of the conversion continue to remain in force under the terms of those policies, except that any voting rights of the policyholders provided for under the policies are extinguished on the effective date of the conversion.

Subd. 14. [CONFLICT OF INTEREST.] No director, officer, agent, employee of the converting mutual company, or any other person shall receive a fee, commission, or other valuable consideration, other than the person's usual regular salary and compensation, for in any manner aiding, promoting, or assisting in the conversion except as set forth in the plan approved by the commissioner. This provision does not prohibit the payment of reasonable fees and compensation to attorneys, accountants, investment bankers, and actuaries for services performed in the independent practice of their professions.

Subd. 15. [COSTS AND EXPENSES.] All the costs and expenses connected with a plan of conversion must be paid for or reimbursed by the converting mutual company or the reorganized company except where the plan provides otherwise.

Subd. 16. [LIMITATION OF ACTIONS.] (a) An action challenging the validity of or arising out of acts taken or proposed to be taken according to this section must be commenced within 180 days after the effective date of the conversion.

(b) The converting mutual company, the reorganized company, or any defendant in an action described in paragraph (a) may petition the court in the action to order a party to give security for the reasonable attorney fees that may be incurred by a party to the action. The amount of security may be increased or decreased in the discretion of the court having jurisdiction if a showing is made that the security provided is or may become inadequate or excessive.

Subd. 17. [SUPERVISORY CONVERSIONS.] The commissioner may waive or alter any of the requirements of this section to protect the interests of policyholders if the converting mutual company is subject to the commissioner's administrative supervision under chapter 60G or rehabilitation under chapter 60B.

Sec. 2. [60A.076] [MUTUAL INSURANCE HOLDING COMPANIES.]

Subdivision 1. [FORMATION.] (a) A domestic mutual insurance company, upon approval of the commissioner, may reorganize by forming an insurance holding company based upon a mutual plan and continuing the corporate existence of the reorganizing insurance company as a stock insurance company. The commissioner, if satisfied that the interests of the policyholders are properly protected and that the plan of reorganization is fair and equitable to the policyholders, may approve the proposed plan of reorganization and may require as a condition of approval the modifications of the proposed plan or reorganization as the commissioner finds necessary for the protection of the policyholders' interests. The commissioner shall retain jurisdiction over the mutual insurance holding company according to this section and chapter 60D to assure that policyholder interests are protected.

(b) All of the initial shares of the capital stock of the reorganized insurance company must be issued to the mutual insurance holding company or to an intermediate stock holding company that is wholly owned the mutual insurance holding company. The membership interests of the policyholders of the reorganized insurance company become membership interests in the mutual insurance holding company. "Membership interests" mean those interests described in section 60A.075, subdivision 1, paragraph (h). Policyholders of the reorganized insurance company shall be members of the mutual insurance holding company in accordance with the articles of incorporation and bylaws of the mutual insurance holding company. The mutual insurance holding company shall at all times, directly or through an intermediate stock holding company, control a majority of the voting shares of the capital stock of the reorganized insurance company.

Subd. 2. [MERGER.] (a) A domestic mutual insurance company, upon the approval of the commissioner, may reorganize by merging its policyholders' membership interests into a mutual insurance holding company formed according to subdivision 1 and continuing the corporate existence of the reorganizing insurance company as a stock insurance company subsidiary of the mutual insurance holding company. "Membership interests" mean those interests described in section 60A.075, subdivision 1, paragraph (h). The commissioner, if satisfied that the interests of the policyholders are properly protected and that the merger is fair and equitable to the policyholders, may approve the proposed merger and may require as a condition of approval the modifications of the proposed merger as the commissioner finds necessary for the protection of the policyholders' interests. The commissioner shall retain jurisdiction over the mutual insurance holding company organized according to this section to assure that policyholder interests are protected.

(b) All of the initial shares of the capital stock of the reorganized insurance company must be issued to the mutual insurance holding company, or to an intermediate stock holding company that is wholly owned by the mutual insurance holding company. The membership interests of the policyholders of the reorganized insurance company become membership interests in the mutual insurance holding company. Policyholders of the reorganized insurance company shall be members of the mutual insurance holding company according to the articles of incorporation and bylaws of the mutual insurance holding company.

Subd. 3. [PLAN OF REORGANIZATION; APPROVAL BY COMMISSIONER.] (a) The reorganizing or merging insurer shall file a plan of reorganization, approved by the affirmative vote of a majority of its board of directors, for review and approval by the commissioner. The plan must provide for the following:

(1) establishing a mutual insurance holding company with at least one stock insurance company subsidiary, the majority of shares of which must be owned either directly or through an intermediate stock holding company, by the mutual insurance holding company;

(2) analyzing the benefits and risks attendant to the proposed reorganization, including the rationale for the reorganization and analysis of the comparative benefits and risks of a demutualization under section 60A.075;

(3) protecting the immediate and long-term interests of existing policyholders;

(4) ensuring immediate membership in the mutual insurance holding company of all existing policyholders of the reorganizing domestic insurance company;

(5) describing a plan providing for membership interests of future policyholders;

(6) describing the number of members of the board of directors of the mutual insurance holding company required to be policyholders;

(7) ensuring that, in the event of proceedings under chapter 60B involving a stock insurance company subsidiary of the mutual insurance holding company that resulted from the reorganization of a domestic mutual insurance company, the assets of the mutual insurance holding company will be available to satisfy the policyholder obligations of the stock insurance company;

(8) for periodic distribution of accumulated holding company earnings to members;

(9) describing the nature and content of the annual report and financial statement to be sent to each member;

(10) a copy of the proposed mutual insurance holding company's articles of incorporation and bylaws specifying all membership rights;

(11) the names, addresses, and occupational information of all corporate officers and members of the proposed mutual insurance holding company board of directors;

(12) information sufficient to demonstrate that the financial condition of the reorganizing or merging company will not be diminished upon reorganization;

(13) a copy of the articles of incorporation and bylaws for any proposed insurance company subsidiary or intermediate holding company subsidiary;

(14) describing any plans for the initial sale of stock for the reorganized insurance company; and

(15) any other information requested by the commissioner or required by rule.

(b) The commissioner may approve the plan upon finding that the requirements of this section have been fully met and the plan will protect the immediate and long-term interests of policyholders.

(c) The commissioner may retain, at the reorganizing or merging mutual company's expense, any qualified experts not otherwise a part of the commissioner's staff to assist in reviewing the plan.

(d) The commissioner may, but need not, conduct a public hearing regarding the proposed plan. The hearing must be held within 30 days after submission of a completed plan of reorganization to the commissioner. The commissioner shall give the reorganizing mutual company at least 20 days' notice of the hearing. At the hearing, the reorganizing mutual company, its policyholders, and any other person whose interest may be affected by the proposed reorganization, may present evidence, examine and cross-examine witnesses, and offer oral and written arguments or comments according to the procedure for contested cases under chapter 14. The persons participating may conduct discovery proceedings in the same manner as prescribed for the district courts of this state. All discovery proceedings must be concluded no later than three days before the scheduled commencement of the public hearing.

Subd. 4. [APPROVAL BY COMMISSIONER.] The plan by order shall be approved, conditionally approved, or disapproved within the later of 30 days from the date of the commissioner's receipt of all required information or 30 days after the conclusion of the public hearing. An approval or conditional approval of a plan of reorganization expires if the reorganization is not completed within 180 days unless the time period is extended by the commissioner upon a showing of good cause.

Subd. 5. [APPROVAL BY MEMBERS.] The plan shall be approved by the members as provided in section 60A.075, subdivision 5.

Subd. 6. [INCORPORATION.] A mutual insurance holding company resulting from the reorganization of a domestic mutual insurance company organized under chapter 300 shall be incorporated pursuant to chapter 300. The articles of incorporation and any amendments to the articles of the mutual insurance holding company is subject to approval of the commissioner in the same manner as those of an insurance company.

Subd. 7. [APPLICABILITY OF CERTAIN PROVISIONS.] (a) A mutual insurance holding company is considered to be an insurer subject to chapter 60B and shall automatically be a party to any proceeding under chapter 60B involving an insurance company that as a result of a reorganization according to subdivision 1 or 2 is a subsidiary of the mutual insurance holding company. In any proceeding under chapter 60B involving the reorganized insurance company, the assets of the mutual insurance holding company are considered to be assets of the estate of the reorganized insurance company for purposes of satisfying the claims of the reorganized insurance company's policyholders. A mutual insurance holding company shall not dissolve or liquidate without the approval of the commissioner or as ordered by the district court according to chapter 60B.

(b) A mutual insurance holding company is subject to chapter 60D to the extent consistent with this section.

(c) As a condition to approval of the plan, the commissioner may require the mutual insurance holding company to comply with any provision of the insurance laws necessary to protect the interests of the policyholders as if the mutual insurance holding company were a domestic mutual insurance company.

Subd. 8. [APPLICABILITY OF DEMUTUALIZATION PROVISIONS.] (a) Except as otherwise provided, section 60A.075 is not applicable to a reorganization or merger according to this section, and except for section 60A.075, subdivisions 14 to 16.

(b) Section 60A.075 is applicable to demutualization of a mutual insurance holding company that resulted from the reorganization of a domestic mutual insurance company organized under chapter 300 as if it were a mutual insurance company.

Subd. 9. [MEMBERSHIP INTERESTS.] A membership interest in a domestic mutual insurance holding company does not constitute a security as defined in section 80A.14, subdivision 18.

Subd. 10. [FINANCIAL STATEMENT REQUIREMENTS.] (a) In addition to any items required under chapter 60D, each mutual insurance holding company shall file with the commissioner, by April 1 of each year, an annual statement consisting of the following:

(1) an income statement, balance sheet, and cashflow statement prepared in accordance with generally accepted accounting principles;

(2) complete information on the status of any closed block formed as part of a plan of reorganization;

(3) an investment plan covering all assets; and

(4) a statement disclosing any intention to pledge, borrow against, alienate, hypothecate, or in any way encumber the assets of the mutual insurance holding company. Action taken according to the statement is subject to the commissioner's prior written approval.

(b) The aggregate pledges and encumbrances of a mutual holding company's assets shall not affect more than 49 percent of the company's stock in any subsidiary insurance holding company or subsidiary insurance company that resulted from a reorganization or merger.

(c) At least 50 percent of the generally accepted accounting practices (GAAP) net worth of a mutual insurance holding company must be invested in insurance company subsidiaries.

Subd. 11. [SALE OF STOCK AND PAYMENT OF DIVIDENDS.] No solicitation for the sale of the stock of the reorganized insurance company, or an intermediate stock holding company of the mutual insurance holding company, may be made without the commissioner's prior written approval. Dividends and other distributions to the shareholders of the reorganized stock insurance company or an intermediate stock holding company shall not be made except in compliance with section 60D.20.

Sec. 3. Minnesota Statutes 1994, section 60A.09, subdivision 4a, is amended to read:

Subd. 4a. [ASSUMPTION TRANSACTIONS REGULATED.] No life company, whether domestic, foreign, or alien, shall perform an assumption transaction, including an assumption reinsurance agreement, with respect to a policy issued to a Minnesota resident, unless:

(1) the assumption agreement has been filed with the commissioner;

(2) the assumption agreement specifically provides that the original insurer remains liable to the insured in the event the assuming insurer is unable to fulfill its obligations or the original insurer acknowledges in writing to the commissioner that it remains liable to the insured in the event the assuming insurer is unable to fulfill its obligations;

(3) the proposed certificate of assumption to be provided to the policyholder has been filed with the commissioner for review and approval as provided in section 61A.02; and

(4) the proposed certificate of assumption contains, in bold face type, the following language:

"Policyholder: Please be advised that you retain all rights with respect to your policy against your original insurer in the event the assuming insurer is unable to fulfill its obligations. In such event, your original insurer remains liable to you notwithstanding the terms of its assumption agreement."

With respect to residents of Minnesota, the notice to policyholders shall also include a statement as to the effect on guaranty fund coverage, if any, that will result from the transfer.

Clauses (2) and (4) above do not apply if the policyholder consents in a signed writing to a release of the original insurer from liability and to a waiver of the protections provided in clauses (2) and (4) after being informed in writing by the insurer of the circumstances relating to and the effect of the assumption, provided that the consent form signed by the policyholder has been filed with and approved by the commissioner.

If a company is deemed by the commissioner to be in a hazardous condition or is under a court ordered supervision, rehabilitation, liquidation, conservation or receivership, and the transfer of policies is in the best interest of the policyholders, as determined by the commissioner, a transfer may be effected notwithstanding the provisions in this subdivision by using a different form of consent by policyholders. This may include a form of implied consent and adequate notification to the policyholder of the circumstances requiring the transfer as approved by the commissioner. This paragraph does not apply when a policy is transferred to the Minnesota life and health guaranty association or to the Minnesota insurance guaranty association.

Sec. 4. Minnesota Statutes 1994, section 61A.32, is amended to read:

61A.32 [DOMESTIC MUTUAL AND STOCK AND MUTUAL COMPANIES; VOTING RIGHTS OF MEMBERS.]

Every person insured by a domestic mutual life insurance company, and every participating policyholder of a domestic stock and mutual life insurance company as defined in sections 61A.33

to 61A.36, shall be a member, entitled to one vote and one vote additional for each \$1,000 of insurance in excess of the first \$1,000; provided, that no member shall be entitled to more than 100 votes; and, provided, further, that in the case of group insurance on employees such group shall be deemed to be a single member and the employer shall be deemed to be such member for the purpose of voting, having not to exceed 100 votes, provided, that in cases where the employees pay all or any part of the premium, either directly or by payroll deductions, the employees shall be allowed to choose their representative, who shall exercise a voting power in proportion to the percentage of premium paid by such employees. Every member shall be notified of its annual meetings by a written notice mailed to the member's address, or by an imprint on the back of the policy, premium notice, receipt or certificate of renewal, as follows:

"The insured is hereby notified that by virtue of this policy the insured is a member of the Insurance Company, and that the annual meetings of said company are held at its home office on the day of in each year, at o'clock."

The blanks shall be duly filled in print. Any such member may vote by proxy by filing written proxy appointment with the secretary of the company at its home office at least five days before the first meeting at which it is to be used. Such proxy appointment may be for a specified period of time ~~or may provide that it will be in effect until revoked~~ not to exceed one year. A proxy may be revoked by a member at any time by written notice to the secretary of the company or by executing a new proxy appointment and filing it as required herein: provided, however, that any member may always appear personally and exercise rights as a member at any meeting of the company.

A domestic mutual life insurance company may by its articles of incorporation or bylaws provide for a representative system of voting in any meeting of members. The articles or bylaws may provide for the selection of representatives from districts as therein specified, such representatives to represent approximately equal numbers of members with power to exercise all the voting powers, rights and privileges of the members they represent with the same force and effect as might be exercised by the members themselves. In such a representative system the votes cast by the representative shall be one vote for each member, notwithstanding the amount of insurance carried, and proxy voting shall not be permitted; provided, however, that any member may always appear personally and exercise rights as a member of the company at any meeting of the membership.

Sec. 5. Minnesota Statutes 1994, section 61B.20, subdivision 15, is amended to read:

Subd. 15. [PREMIUMS.] "Premiums" means amounts received on covered policies or contracts less premiums, considerations, and deposits returned, and less dividends and experience credits on those covered policies or contracts to the extent not guaranteed in advance. The term does not include amounts received for policies or contracts or for the portions of policies or contracts for which coverage is not provided under section 61B.19, subdivision 3, except that assessable premium shall not be reduced on account of section 61B.19, subdivision 4, relating to limitations with respect to any one life, any one individual, and any one contract holder; Premiums subject to assessment under section 61B.24, include all amounts received on any unallocated annuity contract issued to a contract holder resident in this state if the contract is not otherwise excluded from coverage under section 61B.19, subdivision 3; provided that "premiums" shall not include any premiums in excess of the liability limit on any unallocated annuity contract specified in section 61B.19, subdivision 4.

Sec. 6. Minnesota Statutes 1995 Supplement, section 62A.042, is amended to read:

62A.042 [FAMILY COVERAGE; COVERAGE OF NEWBORN INFANTS.]

Subdivision 1. [INDIVIDUAL FAMILY POLICIES; RENEWALS.] (a) No policy of individual accident and sickness insurance which provides for insurance for more than one person under section 62A.03, subdivision 1, clause (3), and no individual health maintenance contract which provides for coverage for more than one person under chapter 62D, shall be renewed to insure or cover any person in this state or be delivered or issued for delivery to any person in this state unless the policy or contract includes as insured or covered members of the family dependent grandchildren who reside with a covered grandparent and any newborn infants, ~~including~~

dependent grandchildren who reside with a covered grandparent, immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation, or premature birth. No policy or contract covered by this section may require notification to a health carrier as a condition for this dependent coverage. However, if the policy or contract mandates an additional premium for each dependent, the health carrier shall be entitled to all premiums that would have been collected had the health carrier been aware of the additional dependent. The health carrier may withhold payment of any health benefits for the new dependent until it has been compensated with the applicable premium which would have been owed if the health carrier had been informed of the additional dependent immediately.

(b) The coverage under paragraph (a) includes benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate. If orthodontic services are eligible for coverage under a dental insurance plan and another policy or contract, the dental plan shall be primary and the other policy or contract shall be secondary in regard to the coverage required under paragraph (a). Payment for dental or orthodontic treatment not related to the management of the congenital condition of cleft lip and cleft palate shall not be covered under this provision.

Subd. 2. [GROUP POLICIES; RENEWALS.] (a) No group accident and sickness insurance policy and no group health maintenance contract which provide for coverage of family members or other dependents of an employee or other member of the covered group shall be renewed to cover members of a group located in this state or delivered or issued for delivery to any person in this state unless the policy or contract includes as insured or covered family members or dependents any newborn infants, including dependent grandchildren who reside with a covered grandparent, immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation, or premature birth. No policy or contract covered by this section may require notification to a health carrier as a condition for this dependent coverage. However, if the policy or contract mandates an additional premium for each dependent, the health carrier shall be entitled to all premiums that would have been collected had the health carrier been aware of the additional dependent. The health carrier may reduce the health benefits owed to the insured, certificate holder, member, or subscriber by the amount of past due premiums applicable to the additional dependent.

(b) The coverage under paragraph (a) includes benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate. If orthodontic services are eligible for coverage under a dental insurance plan and another policy or contract, the dental plan shall be primary and the other policy or contract shall be secondary in regard to the coverage required under paragraph (a). Payment for dental or orthodontic treatment not related to the management of the congenital condition of cleft lip and cleft palate shall not be covered under this provision.

Sec. 7. Minnesota Statutes 1995 Supplement, section 62C.14, subdivision 14, is amended to read:

Subd. 14. No subscriber's individual contract or any group contract which provides for coverage of family members or other dependents of a subscriber or of an employee or other group member of a group subscriber, shall be renewed, delivered, or issued for delivery in this state unless such contract includes as covered family members or dependents any newborn infants, including dependent grandchildren, immediately from the moment of birth and thereafter which insurance shall provide coverage for illness, injury, congenital malformation or premature birth. No policy, contract, or agreement covered by this section may require notification to a health carrier as a condition for this dependent coverage. However, if the policy, contract, or agreement mandates an additional premium for each dependent, the health carrier shall be entitled to all premiums that would have been collected had the health carrier been aware of the additional dependent. The health carrier may withhold payment of any health benefits for the new dependent until it has been compensated with the applicable premium which would have been owed if the health carrier had been informed of the additional dependent immediately.

Sec. 8. Minnesota Statutes 1995 Supplement, section 62F.02, subdivision 2, is amended to read:

Subd. 2. [DIRECTORS.] The association shall have a board of directors composed of 11 persons chosen for a term of four years as follows: five persons elected by members of the association at a meeting called by the commissioner; three members who are health care providers appointed by the commissioner prior to the election by the association; and three public members, as defined in section 214.02, appointed by the governor prior to the election by the association. If the commissioner determines that it is no longer cost-effective or efficient to operate a separate board of directors to administer the medical malpractice joint underwriting association, the commissioner shall deactivate the board and assign all of the board's authority and responsibilities under this chapter to the Minnesota joint underwriting association board of directors established under section 62I.02.

Sec. 9. Minnesota Statutes 1994, section 62F.03, subdivision 6, is amended to read:

Subd. 6. "Net direct premiums" means gross direct premiums written on personal injury liability insurance, including the liability component of multiple peril package policies as computed by the commissioner, less return premiums for the unused or unabsorbed portions of premium deposits. Net direct premiums do not include policyholder dividends.

Sec. 10. Minnesota Statutes 1994, section 62F.04, subdivision 1a, is amended to read:

Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1 according to the procedures set forth in sections 62I.21 and 62I.22. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance.

Sec. 11. Minnesota Statutes 1994, section 62I.02, subdivision 2, is amended to read:

Subd. 2. [DIRECTOR BOARD OF DIRECTORS.] The association shall have a board of directors composed of 11 persons chosen as follows: five persons elected by members of the association at a meeting called by the commissioner; three public members, as defined in section 214.02, appointed by the commissioner; and three members, appointed by the commissioner representing groups to whom coverage has been extended by the association. The terms of the members shall be four years. Terms may be staggered so that no more than six members are appointed or elected every two years. Members may serve until their successors are appointed or elected. If at any time no coverage is currently extended by the association, then either additional public members may be appointed to fill these three positions or, at the option of the commissioner, representatives from groups who had previously been covered by the association may serve as directors. In the event that the commissioner assigns the responsibility for administering chapter 62F to the Minnesota joint underwriting association, the board of directors must be increased by four additional members. The commissioner shall appoint two of the additional members, one of whom must be a licensed health care provider, and one of whom must be a public member. Association members shall elect the other two members, one of whom must be a representative of medical malpractice insurers, and one of whom must be a representative of personal injury liability insurers.

Sec. 12. Minnesota Statutes 1994, section 62I.02, subdivision 5, is amended to read:

Subd. 5. [ACCOUNTS.] (a) For the purposes of administration and assessment, and except as otherwise authorized under paragraph (b), the association shall be divided into two separate accounts:

- (1) the property and casualty insurance account; and
- (2) the personal injury liability insurance ~~account~~ account-liquor.

(b) If the association is authorized by the commissioner to issue medical malpractice insurance, the association shall establish a third account for purposes of administration and assessment. This account must be identified as the personal injury liability insurance account-medical malpractice.

Sec. 13. Minnesota Statutes 1994, section 62I.02, is amended by adding a subdivision to read:

Subd. 6. [MEDICAL MALPRACTICE.] If the association is authorized by the commissioner to issue medical malpractice insurance, it shall administer the medical malpractice insurance program according to chapter 62F.

Sec. 14. Minnesota Statutes 1994, section 62I.07, is amended to read:

62I.07 [MEMBERSHIP ASSESSMENTS.]

Subdivision 1. [GENERAL ASSESSMENT.] Each member of the association that is authorized to write property and casualty insurance in the state shall participate in its losses and expenses in the proportion that the direct written premiums of the member on the kinds of insurance in that account bears to the total aggregate direct written premiums written in this state by all members on the kinds of insurance in that account. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner. Direct written premiums mean that amount at page 14, column (2), lines 5, 8, 9, 17, 21.2, 22, 23, 24, 25, 26, and 27 of the annual statement filed annually with the department of commerce under section 60A.13.

Subd. 2. [PERSONAL INJURY LIABILITY INSURANCE ASSESSMENT; LIQUOR LIABILITY.] A member of the association shall participate in its writings, expenses, servicing allowance, management fees, and losses in the proportion that the net direct premiums of the member, excluding that portion of premiums attributable to the operation of the association, written during the preceding calendar year on the kinds of insurance in that account bears to the aggregate net direct premiums written in this state by all members on the kinds of insurance in that account. The member's participation in the association shall be determined annually on the basis of net direct premiums written during the preceding calendar year, as reported in the annual statements and other reports filed by the member with the commissioner. Net direct premiums mean gross direct premiums written on personal injury liability insurance, including the liability component of multiple peril package policies as computed by the commissioner, less return premiums for the unused or unabsorbed portions of premium deposits. The net direct premiums are calculated using lines 5.2 CMP, and 17-other liability from page 14, column (2) of the annual statement filed annually with the department of commerce pursuant to section 60A.13.

Subd. 3. [PERSONAL INJURY LIABILITY INSURANCE ASSESSMENT; MEDICAL MALPRACTICE.] If an assessment is needed for medical malpractice, the assessment is made using the following lines from page 14, column (2) of the annual statement filed annually with the department of commerce pursuant to section 60A.13 using the following lines: 5.2 commercial multiperil liability, 11 medical malpractice, 17-other liability, 19.1 PIP-private passenger, 19.3 PIP-commercial.

Sec. 15. Minnesota Statutes 1994, section 65B.14, is amended by adding a subdivision to read:

Subd. 5. [VIOLATIONS.] "Violations" means all moving traffic violations that are recorded by the department of public safety on a household member's motor vehicle record, and violations reported by a similar authority in another state or moving traffic violations reported by the insured.

Sec. 16. Minnesota Statutes 1994, section 65B.15, subdivision 1, is amended to read:

Subdivision 1. No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. Nonpayment of premium; or
2. The policy was obtained through a material misrepresentation; or
3. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

4. The named insured failed to disclose fully motor vehicle accidents and moving traffic violations of the named insured for the preceding 36 months if called for in the written application; or

5. The named insured failed to disclose in the written application any requested information necessary for the acceptance or proper rating of the risk; or

6. The named insured knowingly failed to give any required written notice of loss or notice of lawsuit commenced against the named insured, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. The named insured or any other operator who either resides in the same household, or customarily operates an automobile insured under such policy, unless the other operator is identified as a named insured in another policy as an insured:

(a) has, within the 36 months prior to the notice of cancellation, had that person's driver's license under suspension or revocation because the person committed a moving traffic violation or because the person refused to be tested under section 169.121, subdivision 1, paragraph (a); or

(b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to that person's medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

(c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that the person's operation of an automobile might endanger the public safety; or

(d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

(e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or rule which justify a revocation of a driver's license.

8. The insured automobile is:

(1) so mechanically defective that its operation might endanger public safety; or

(2) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation; or

(3) used in the business of transportation of flammables or explosives; or

(4) an authorized emergency vehicle; or

(5) subject to an inspection law and has not been inspected or, if inspected, has failed to qualify within the period specified under such inspection law; or

(6) substantially changed in type or condition during the policy period, increasing the risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car or so as to give clear evidence of a use other than the original use.

Sec. 17. Minnesota Statutes 1994, section 72A.20, subdivision 23, is amended to read:

Subd. 23. [DISCRIMINATION IN AUTOMOBILE INSURANCE POLICIES.] (a) No insurer that offers an automobile insurance policy in this state shall:

(1) use the employment status of the applicant as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

(b) No insurer that offers an automobile insurance policy in this state shall:

(1) use the applicant's status as a tenant, as the term is defined in section 566.18, subdivision 2, as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason; or

(3) make any discrimination in offering or establishing rates, premiums, dividends, or benefits of any kind, or by way of rebate, for the same reason.

(c) No insurer that offers an automobile insurance policy in this state shall:

(1) use the failure of the applicant to have an automobile policy in force during any period of time before the application is made as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

This provision does not apply if the applicant was required by law to maintain automobile insurance coverage and failed to do so.

An insurer may require reasonable proof that the applicant did not fail to maintain this coverage. The insurer is not required to accept the mere lack of a conviction or citation for failure to maintain this coverage as proof of failure to maintain coverage. The insurer must provide the applicant with information identifying the documentation that is required to establish reasonable proof that the applicant failed to maintain the coverage.

(d) No insurer that offers an automobile insurance policy in this state shall use an applicant's prior claims for benefits paid under section 65B.44 as an underwriting standard or guideline if the applicant was 50 percent or less negligent in the accident or accidents causing the claims.

Sec. 18. [MEDICAL MALPRACTICE INSURANCE COVERAGE; REAUTHORIZATION.]

Any authorization to issue insurance according to Minnesota Statutes, section 62F.04, valid on the effective date of this section remains valid for an additional two-year period at the end of the initial two-year authorization. The additional authorization period granted by this section applies only to the types of coverages authorized as of the effective date of this section.

Sec. 19. [REPEALER.]

Minnesota Statutes 1994, section 62I.20, is repealed.

Sec. 20. [EFFECTIVE DATE.]

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

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 325F.56, subdivision 2, is amended to read:

Subd. 2. "Repairs" means work performed for a total price of more than \$100 and less than ~~\$2,000~~ \$7,500, including the price of parts and materials, to restore a malfunctioning, defective, or worn motor vehicle, appliance, or dwelling place used primarily for personal, family, or household purposes and not primarily for business or agricultural purposes. "Repairs" do not include service calls or estimates.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "modifying the definition of an aggrieved person for purposes of the real estate recovery fund;"

Page 1, line 12, delete everything after the semicolon

Page 1, line 13, delete everything before "regulating"

Page 1, line 14, after the semicolon, insert "requiring a study;"

Page 1, line 15, after the second semicolon, insert "regulating the repair of certain consumer goods; modifying agency disclosure requirements in real estate transactions; modifying licensing requirements; regulating insurance companies;"

Page 1, line 18, before "60K.19" insert "60A.09, subdivision 4a;"

Page 1, line 19, after "10;" insert "61A.32; 61B.20, subdivision 15; 62F.03, subdivision 6; 62F.04, subdivision 1a; 62I.02, subdivisions 2, 5, and by adding a subdivision; 62I.07; 65B.14, by adding a subdivision; 65B.15, subdivision 1; 72A.20, subdivision 23;"

Page 1, line 24, before "82.22" insert "82.19, subdivision 5; 82.195, subdivision 2; 82.196, subdivisions 1 and 2; 82.197, subdivisions 1, 2, 3, and 4;"

Page 1, line 27, delete "326.83, subdivisions 18 and"

Page 1, line 28, delete "19;" and insert "325F.56, subdivision 2; 326.37, by adding a subdivision;"

Page 1, line 32, after "1;" insert "62A.042; 62C.14, subdivision 14; 62F.02, subdivision 2;"

Page 1, line 33, after "1;" insert "82.20, subdivision 15; 82.34, subdivision 7; 83.26, subdivision 2;"

Page 1, line 34, after "45;" insert "60A;"

Page 1, line 35, after "sections" insert "62I.20;"

Page 1, line 38, after "2" insert "; Laws 1994, chapter 447, section 2"

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

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

S.F. No. 2397: A bill for an act relating to employment; modifying provisions regarding minimum wages; increasing penalties; modifying employer liability provisions; imposing a penalty; changing inclusions in earnings statement; amending Minnesota Statutes 1994, sections 177.27, subdivisions 2, 4, and by adding subdivisions; 177.30; and 181.032; proposing coding for new law in Minnesota Statutes, chapter 181; repealing Minnesota Statutes 1994, sections 177.27, subdivision 6; 177.33; and 181.17.

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

Page 2, line 12, after the first comma, insert "181.02, 181.03, 181.031," and before "181.13" insert "181.11, 181.12," and before "and" insert "181.15,"

Page 2, line 29, delete "promulgated" and insert "adopted" and before "the" insert "and the commissioner issues an order to comply,"

Page 3, lines 20 and 21, delete "and other necessary supplies and materials"

Page 4, line 2, after the comma, insert "in an action under this subdivision"

Page 5, after line 8, insert:

"Sec. 8. Minnesota Statutes 1994, section 181.02, is amended to read:

181.02 [SALARY OR WAGES NOT TO BE PAID BY NONNEGOTIABLE INSTRUMENTS.]

It shall be unlawful for any person, firm, or corporation, other than public service corporations, to issue to any employee in lieu of or in payment of any salary or wages earned by such employee a nonnegotiable time check or order. ~~Any person, firm, or corporation so issuing a nonnegotiable instrument in lieu of or in payment of such salary or wages earned shall be guilty of a misdemeanor.~~

Sec. 9. Minnesota Statutes 1994, section 181.03, is amended to read:

181.03 [CERTAIN ACTS RELATING TO PAYMENT OF WAGES UNLAWFUL.]

~~Any A~~ person, firm, corporation, or association ~~who or which~~ may not, directly or indirectly and with intent to defraud, ~~causes cause~~ any employee to give a receipt for wages for a greater amount than that actually paid to the employee for services rendered or directly or indirectly ~~demands or receives~~ demand or receive from any employee any rebate or refund from the wages to which the employee is entitled under contract of employment with such employer, or in any manner ~~makes or attempts~~ make or attempt to make it appear that the wages paid to any employee were greater than the amount actually paid to the employee ~~shall be guilty of a misdemeanor.~~

Sec. 10. Minnesota Statutes 1994, section 181.031, is amended to read:

181.031 [EMPLOYERS NOT TO ACCEPT CONSIDERATION FOR SECURING EMPLOYMENT.]

~~Any An~~ employer, or any manager, superintendent, lead supervisor, or other representative of ~~any an~~ employer, ~~who may not~~, directly or indirectly, ~~demands or accepts~~ demand or accept from any employee any part of such employee's wages or other consideration, or any gratuity, in consideration of giving to or securing, or assisting in securing, for any employee any employment with such employer ~~shall be guilty of a misdemeanor."~~

Page 5, strike lines 28 to 31

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the second semicolon, insert "181.02; 181.03; 181.031;"

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. 1944: A bill for an act relating to housing; providing for registration of housing with services primarily for persons 55 years of age or older; amending Minnesota Statutes 1994, sections 144A.46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 144A.

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 1994, section 144A.43, subdivision 4, is amended to read:

Subd. 4. [HOME CARE PROVIDER.] "Home care provider" means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of home care services for a fee. At least one home care service must be provided directly, although additional home care services may be

provided by contractual arrangements. "Home care provider" includes a hospice program defined in section 144A.48. "Home care provider" does not include:

(1) any home care or nursing services conducted by and for the adherents of any recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing;

(2) an individual who only provides services to a relative;

(3) an individual not connected with a home care provider who provides assistance with home management services or personal care needs if the assistance is provided primarily as a contribution and not as a business;

(4) an individual not connected with a home care provider who shares housing with and provides primarily housekeeping or homemaking services to an elderly or disabled person in return for free or reduced-cost housing;

(5) an individual or agency providing home-delivered meal services;

(6) an agency providing senior companion services and other older American volunteer programs established under the Domestic Volunteer Service Act of 1973, Public Law Number 98-288;

(7) an employee of a nursing home licensed under this chapter or an employee of a boarding care home licensed under sections 144.50 to 144.56 who provides emergency services to individuals residing in an apartment unit attached to or other residential setting that is on the same campus as the nursing home;

(8) a member of a professional corporation organized under sections 319A.01 to 319A.22 that does not regularly offer or provide home care services as defined in subdivision 3;

(9) the following organizations established to provide medical or surgical services that do not regularly offer or provide home care services as defined in subdivision 3: a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under chapter 317A, a partnership organized under chapter 323, or any other entity determined by the commissioner;

(10) an individual or agency that provides medical supplies or durable medical equipment, except when the provision of supplies or equipment is accompanied by a home care service;

(11) an individual licensed under chapter 147; or

(12) an individual who provides home care services to a person with a developmental disability who lives in a place of residence with a family, foster family, or primary caregiver.

Sec. 2. Minnesota Statutes 1994, section 144A.45, subdivision 1, is amended to read:

Subdivision 1. [RULES.] The commissioner shall adopt rules for the regulation of home care providers pursuant to sections 144A.43 to 144A.49. The rules shall include the following:

(a) provisions to assure, to the extent possible, the health, safety and well-being, and appropriate treatment of persons who receive home care services;

(b) requirements that home care providers furnish the commissioner with specified information necessary to implement sections 144A.43 to 144A.49;

(c) standards of training of home care provider personnel, which may vary according to the nature of the services provided or the health status of the consumer;

(d) standards for medications management by paraprofessionals including housing aides;

(e) standards of supervision by a registered nurse or other appropriate health care professionals of personnel providing home care services which may vary according to the nature of the services, provided or the health status of the consumer to require supervision on site at least every 62 days,

or more frequently if indicated by a clinical assessment, and in accordance with sections 148.171 to 148.285, and Minnesota Rules, part 6321.0100;

(e) (f) requirements for the involvement of a consumer's physician, the documentation of physicians' orders, if required, and the consumer's treatment plan, and the maintenance of accurate, current clinical records;

(f) (g) the establishment of different classes of licenses for different types of providers and different standards and requirements for different kinds of home care services; and

(g) (h) operating procedures required to implement the home care bill of rights.

Sec. 3. Minnesota Statutes 1994, section 144A.46, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] (a) Unless permitted under clause (d), a home care provider may not operate in the state without a current license issued by the commissioner of health. A home care provider may hold one or more separate licenses for each class of home care license. If a home care provider holds more than one license, then each service agreement must identify under which license the client is receiving services.

(b) Within ten days after receiving an application for a license, the commissioner shall acknowledge receipt of the application in writing. The acknowledgment must indicate whether the application appears to be complete or whether additional information is required before the application will be considered complete. Within 90 days after receiving a complete application, the commissioner shall either grant or deny the license. If an applicant is not granted or denied a license within 90 days after submitting a complete application, the license must be deemed granted. An applicant whose license has been deemed granted must provide written notice to the commissioner before providing a home care service.

(c) Each application for a home care provider license, or for a renewal of a license, shall be accompanied by a fee to be set by the commissioner under section 144.122.

(d) An individual applying for a class C home care license may continue to provide services during the application process under the following conditions:

(1) the applicant provides services only to those individuals who were receiving services from the applicant prior to the date of the license application;

(2) individuals receiving services consent in writing to allow home care services to be provided during the application process; and

(3) services provided do not exceed the scope of the class C license.

If the applicant's license application is denied, the provision of home care services shall immediately cease upon notification of the denial. Services cannot be provided during any process or hearing to contest the denial of the license.

Sec. 4. [144A.475] [CLASS E HOUSING WITH SERVICES HOME CARE PROVIDER.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following definitions apply:

(1) "Class E housing with services home care provider" means a home care provider providing nursing services or housing aide services or both in a housing with services establishment as defined in chapter 144D.

(2) "Housing aide" means a natural person who provides housing aide services.

(3) "Housing aide services" means performing tasks defined as home health aide or home care aide tasks in Minnesota Rules, parts 4668.0100 and 4668.0110, for residents of a housing with services establishment.

Subd. 2. [CLASS E LICENSE ESTABLISHED.] A home care provider licensure category

entitled class E housing with services home care provider is hereby established. A home care provider operating a housing with services program may obtain a class E license if the program meets the following requirements:

(1) nursing services or housing aide services or both under the class E license are provided solely to residents of one or more housing with services establishments registered under chapter 144D;

(2) housing aides are qualified to perform those housing aide services which are offered to the residents of the housing with services establishment. Qualifications may be established in accordance with subdivision 3;

(3) periodic supervision of housing aides is provided as otherwise set forth in Minnesota Rules, part 4668.0110, subpart 6, except that tasks defined in Minnesota Rules, part 4668.0100, subpart 1, shall be supervised on site by a registered nurse at least once every 62 days, or more frequently if indicated by a clinical assessment, and in accordance with sections 148.171 to 148.285 and Minnesota Rules, part 6321.0100;

(4) notwithstanding Minnesota Rules, part 4668.0160, subpart 6(d), client records shall include documentation of the home care services provided each day to the resident of a housing with services establishment signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day;

(5) medication and treatment orders, if any, are included in the client record and are renewed at least every six months, or more frequently if indicated by a clinical assessment;

(6) the central storage of medications in a housing with services establishment is permitted under a system, which is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records and disposition of medications; and

(7) in other respects it meets the requirements for class E home care licensure set forth in Minnesota Rules, parts 4668.0002 to 4668.0240.

Subd. 3. [TRAINING OR COMPETENCY EVALUATIONS REQUIRED.] Housing aides shall be trained for or demonstrate competency in each housing aide service offered to clients in a housing with services establishment.

(1) Training for housing aides shall use a curriculum approved by the commissioner for each separate task they will perform.

(2) Competency evaluations may be completed on the site of a registered housing with services establishment or in a client's residence.

(3) A registered nurse shall document each competency evaluation.

(4) All housing aides shall be trained or demonstrate competency in a set of core competencies, which are defined in Minnesota Rules, part 4668.0130, subpart 2, items A to D, H, and J to M.

(5) A registered nurse may delegate the nursing services defined in Minnesota Rules, part 4668.0100, subpart 1, items A to H, as tasks to be performed by housing aides who have been trained or demonstrate competency under this section. If medication administration is delegated to housing aides, it must be done in accordance with the requirements set forth in Minnesota Rules, part 4668.0100, subparts 2, 3, and 4, except that a housing aide need not comply with the requirements of Minnesota Rules, part 4668.0100, subpart 5.

Subd. 4. [DATE OF LICENSURE.] (a) Beginning August 1, 1996, home care providers may obtain a home care license under this section. Housing with services establishments registered under chapter 144D that are required to obtain a home care license must obtain a home care license according to this section or according to the standards for a class A agency in Minnesota Rules, parts 4668.0002 to 4668.0240.

(b) No later than December 31, 1996, any home care provider with a class E assisted living program license issued prior to August 1, 1996, shall comply with the provisions of this section. If the home care provider's class E assisted living program license expires prior to December 31, 1996, compliance with the provisions of Minnesota Rules, parts 4668.0002 to 4668.0240, shall be followed until December 31, 1996, or until compliance with this section is obtained, whichever comes first.

(c) Any board and lodging establishment registered under section 157.17 which is required to be registered under chapter 144D shall be registered under chapter 144D by August 1, 1996. Supportive services and health supervision services may continue to be provided under the requirements of section 157.17 until December 31, 1996. After that date, compliance with the provisions of this section is required.

Subd. 5. [LICENSE FEE EXCEPTION.] Notwithstanding Minnesota Rules, part 4669.0050, subpart 3, the initial class E license fee shall be \$100 for a facility that (1) is a board and lodging establishment that was registered under section 157.17 prior to January 1, 1996, or (2) is a noncertified boarding care home reimbursed under chapter 256I.

Sec. 5. Minnesota Statutes 1995 Supplement, section 144B.01, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL CARE HOME OR HOME.] "Residential care home" or "home" means an establishment with a minimum of five beds, where adult residents are provided sleeping accommodations and three or more meals per day and where at least two or more supportive services or at least one health-related service are provided or offered to all residents by the home. A residential care home is not required to offer every supportive or health-related service. A "residential care home" does not include:

(1) a board and lodging establishment licensed under chapter 157 and the provisions of Minnesota Rules, parts 9530.4100 to 9530.4450;

(2) a boarding care home or a supervised living facility licensed under chapter 144;

(3) a home care provider licensed under chapter 144A;

(4) any housing arrangement which consists of apartments containing a separate kitchen or kitchen equipment that will allow residents to prepare meals and where supportive services may be provided, on an individual basis, to residents in their living units either by the management of the residential care home or by home care providers under contract with the home's management;

(5) a board or lodging establishment which serves as a shelter for battered women or other similar purpose; and

(6) ~~an elderly~~ a housing with services establishment registered under chapter 144D.

Sec. 6. Minnesota Statutes 1995 Supplement, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [~~ELDERLY~~ HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "~~Elderly~~ Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, ~~at least 80 percent of which are 55 years of age or older,~~ and offering or providing, for a fee, one or more health-related service or ~~two or more~~ supportive service services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment. "~~Offering or providing~~" does not include services which may be made available by the establishment on an intermittent or incidental basis.

~~Elderly~~ A housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed under Minnesota Rules, parts ~~9543.0010 to 9543.0150~~ 9555.5050 to 9555.6265; ~~or~~

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) home sharing arrangements such as those in which elderly or disabled persons or single-parent families make lodging in their private residences available to other persons in exchange for services or rent or both; or

(8) duly organized condominiums, cooperatives, common interest communities, and owners' associations of any of the foregoing where at least 80 percent of the units which comprise such condominiums, cooperatives, or common interest communities are occupied by natural persons who are the owners, members, or shareholders thereof.

Sec. 7. Minnesota Statutes 1995 Supplement, section 144D.01, subdivision 5, is amended to read:

Subd. 5. [SUPPORTIVE SERVICES.] "Supportive services" means ~~arranging for medical services, health-related services, social services, transportation help with personal laundry, or handling or assisting with personal funds of residents, or arranging for medical services, health-related services, social services, or transportation to medical or social services appointments.~~ "Arranging" for services does not include making referrals, assisting a resident in contacting a service provider of the resident's choice, or contacting a service provider in an emergency.

Sec. 8. Minnesota Statutes 1995 Supplement, section 144D.01, subdivision 6, is amended to read:

Subd. 6. [HEALTH-RELATED SERVICES.] "Health-related services" include professional nursing services, home health aide tasks, and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2; and 4668.0110, subpart 1, or the central storage of medication for residents under section 144A.485, subdivision 2, clause (6) 144A.475, subdivision 2, clause (6).

Sec. 9. Minnesota Statutes 1995 Supplement, section 144D.01, is amended by adding a subdivision to read:

Subd. 7. [FAMILY ADULT FOSTER CARE HOMES.] "Family adult foster care home" means a home licensed under Minnesota Rules, parts 9555.5050 to 9555.6265, which is the primary residence of the licenseholder and in which the licenseholder is the primary caregiver.

Sec. 10. Minnesota Statutes 1995 Supplement, section 144D.02, is amended to read:

144D.02 [REGISTRATION REQUIRED; REGISTRATION PERMITTED.]

No entity may establish, operate, conduct, or maintain an elderly housing with services establishment in this state without registering and operating as required in sections 144D.01 to 144D.06. A housing with services establishment in which at least 80 percent of the residents are 55 years of age or older is required to register and to operate under the provisions of this chapter. A housing with services establishment which is not required to register may, at its option, register under this chapter. If a housing with services establishment which is not required to register does register, it is required to operate under the provisions of this chapter as if it had been required to register.

Sec. 11. Minnesota Statutes 1995 Supplement, section 144D.03, is amended to read:

144D.03 [REGISTRATION.]

Subdivision 1. [REGISTRATION PROCEDURES.] The commissioner shall establish forms and procedures for annual registration of elderly housing with services establishments. The commissioner shall charge an annual registration fee of \$35. No fee shall be refunded. A registered establishment shall notify the commissioner within 30 days of any change in the business name or address of the establishment, the name or mailing address of the owner or owners, or the name or mailing address of the managing agent. There shall be no fee for submission of the notice. A registered establishment may provide written notice to the commissioner of the date it is no longer required to be registered under this chapter. There shall be no fee for submission of the notice.

Subd. 2. [REGISTRATION INFORMATION.] The establishment shall provide the following information to the commissioner in order to be registered:

- (1) the business name, street address, and mailing address of the establishment;
- (2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners are not natural persons, identification of the type of business entity of the owner or owners, and the names and addresses of the officers and members of the governing body, or comparable persons for partnerships, limited liability corporations, or other types of business organizations of the owner or owners;
- (3) the name and mailing address of the managing agent, whether through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name of the on-site manager, if any;
- (4) verification that the establishment has entered into ~~an elderly~~ a housing with services contract, as required in section 144D.04, with each resident or resident's representative;
- (5) the name and address of at least one natural person who shall be responsible for dealing with the commissioner on all matters provided for in sections 144D.01 to 144D.06, and on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the owner or owners and the managing agent, if any; and
- (6) the signature of the authorized representative of the owner or owners or, if the owner or owners are not natural persons, signatures of at least two authorized representatives of each owner, one of which shall be an officer of the owner.

Personal service on the person identified under clause (5) by the owner or owners in the registration shall be considered service on the owner or owners, and it shall not be a defense to any action that personal service was not made on each individual or entity. The designation of one or more individuals under this subdivision shall not affect the legal responsibility of the owner or owners under sections 144D.01 to 144D.06.

Sec. 12. Minnesota Statutes 1995 Supplement, section 144D.04, is amended to read:

144D.04 [~~ELDERLY~~ HOUSING WITH SERVICES CONTRACTS.]

Subdivision 1. [CONTRACT REQUIRED.] No elderly housing with services establishment may operate in this state unless a written elderly housing with services contract, as defined in subdivision 2, is executed between the establishment and each resident or resident's representative and unless the establishment operates in accordance with the terms of the contract. The resident or the resident's representative shall be given a complete copy of the contract and all supporting documents and attachments and any changes whenever changes are made.

Subd. 2. [CONTENTS OF CONTRACT.] ~~An elderly~~ A housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

- (1) name, street address, and mailing address of the establishment;
- (2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;
- (3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;
- (4) the name and address of at least one natural person who is authorized to accept service on behalf of the owner or owners and managing agent;
- (5) statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;
- (6) term of the contract;
- (7) description of the services to be provided to the resident in the base rate to be paid by resident;
- (8) description of any additional services available for an additional fee from the establishment directly or through arrangements with the establishment;
- (9) fee schedules outlining the cost of any additional services;
- (10) description of the process through which the contract may be modified, amended, or terminated;
- (11) description of the establishment's complaint resolution process available to residents;
- (12) the resident's designated representative, if any;
- (13) the establishment's referral procedures if the contract is terminated;
- (14) criteria used by the establishment to determine who may continue to reside in the elderly housing with services establishment;
- (15) billing and payment procedures and requirements;
- (16) statement regarding the ability of residents to receive services from service providers with whom the establishment does not have an arrangement; and
- (17) statement regarding the availability of public funds for payment for residence or services in the establishment.

Subd. 3. [CONTRACTS IN PERMANENT FILES.] Elderly Housing with services contracts and related documents executed by each resident or resident's representative shall be maintained by the establishment in files from the date of execution until three years after the contract is terminated. The contracts shall be made available for on-site inspection by the commissioner upon request at any time.

Sec. 13. Minnesota Statutes 1995 Supplement, section 144D.05, is amended to read:

144D.05 [AUTHORITY OF COMMISSIONER.]

The commissioner shall, upon receipt of information which may indicate the failure of the elderly a housing with services establishment, a resident, a resident's representative, or a service provider to comply with a legal requirement to which one or more of them may be subject, make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

The commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which an establishment is located to compel ~~the elderly a~~ housing with services establishment to meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

Sec. 14. Minnesota Statutes 1995 Supplement, section 144D.06, is amended to read:

144D.06 [OTHER LAWS.]

~~An elderly A~~ housing with services establishment shall obtain and maintain all other licenses, permits, registrations, or other governmental approvals required of it in addition to registration under this chapter, except that an establishment registered under this chapter is exempt, at its option, from the requirement of obtaining and maintaining an adult foster care license under Minnesota Rules, parts 9543.0010 to 9543.0150, ~~or a lodging license under chapter 157 9555.5050 to 9555.6265.~~ An elderly A housing with services establishment is subject to the provisions of sections 504.01 to 504.28 and 566.01 to 566.175. ~~An elderly housing with services establishment which is also described in section 157.031 is exempt from the requirements of that section while it is registered under this chapter.~~

Sec. 15. Minnesota Statutes 1995 Supplement, section 157.17, subdivision 7, is amended to read:

Subd. 7. [EXEMPTION FOR ESTABLISHMENTS WITH A HUMAN SERVICES LICENSE AND FOR REGISTERED HOUSING WITH SERVICES ESTABLISHMENTS.] This section does not apply to a boarding and lodging establishment or lodging establishment that is licensed by the commissioner of human services under chapter 245A. Establishments registered under chapter 144D shall be considered registered under this section for all purposes except that:

(1) such establishments shall operate under the requirements of chapter 144D and sections 144A.43 to 144A.48, if applicable, and may not operate under the requirements of this section; and

(2) such establishments shall fall under the criminal background check requirements of sections 299C.67 to 299C.71. The criminal background check requirements of section 144.057 shall apply only to personnel providing home care services under sections 144A.43 to 144A.48 in such establishments.

Sec. 16. [REPEALER.]

Minnesota Statutes 1994, section 144A.45, subdivision 3, is repealed."

Delete the title and insert:

"A bill for an act relating to health; modifying requirements relating to home care providers and housing with services establishments; providing for licensure of housing with services home care providers; amending Minnesota Statutes 1994, sections 144A.43, subdivision 4; 144A.45, subdivision 1; 144A.46, subdivision 1; and 144D.01, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 144B.01, subdivision 5; 144D.01, subdivisions 4, 5, and 6; 144D.02; 144D.03; 144D.04; 144D.05; 144D.06; and 157.17, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 144A; repealing Minnesota Statutes 1994, section 144A.45, subdivision 3."

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

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

S.F. No. 891: A bill for an act relating to occupations and professions; establishing the board of licensed professional counseling; requiring professional counselors to be licensed; requiring

rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 1994, sections 148A.01, subdivision 5; and 609.341, subdivision 17; Minnesota Statutes 1995 Supplement, sections 116J.70, subdivision 2a; 148B.60, subdivision 3; 214.01, subdivision 2; and 214.04, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 148B.

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

Pages 9 and 10, delete section 12 and insert:

"Sec. 12. [148B.59] [GROUNDS FOR DISCIPLINARY ACTION; FORMS OF DISCIPLINARY ACTION; RESTORATION OF LICENSE.]

(a) The board may impose disciplinary action as described in paragraph (b) against an applicant or licensee whom the board, by a preponderance of the evidence, determines:

(1) has violated a statute, rule, or order that the board issued or is empowered to enforce;

(2) has engaged in fraudulent, deceptive, or dishonest conduct, whether or not the conduct relates to the practice of professional counseling, that adversely affects the person's ability or fitness to practice professional counseling;

(3) has engaged in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(4) has been convicted of or has pled guilty or nolo contendere to a felony or other crime, an element of which is dishonesty or fraud, or has been shown to have engaged in acts or practices tending to show that the applicant or licensee is incompetent or has engaged in conduct reflecting adversely on the applicant's or licensee's ability or fitness to engage in the practice of professional counseling;

(5) has employed fraud or deception in obtaining or renewing a license, or in passing an examination;

(6) has had a professional counseling license, certificate, registration, privilege to take an examination, or other similar authority denied, revoked, suspended, canceled, limited, or not renewed for cause in any jurisdiction;

(7) has failed to meet any requirement for the issuance or renewal of the person's license. The burden of proof is on the applicant or licensee to demonstrate the qualifications or satisfy the requirements for a license under the professional counseling act;

(8) has failed to cooperate with an investigation of the board;

(9) has demonstrated an inability to practice professional counseling with reasonable skill and safety to clients due to any mental or physical illness or condition; or

(10) has engaged in fee splitting. This clause does not apply to the distribution of revenues from a partnership, group practice, nonprofit corporation, or professional corporation to its partners, shareholders, members, or employees if the revenues consist only of fees for services performed by the licensee or under a licensee's administrative authority. Fee splitting includes, but is not limited to:

(i) dividing fees with another person or a professional corporation, unless the division is in proportion to the services provided and the responsibility assumed by each professional; and

(ii) referring a client to any health care provider as defined in section 144.335 in which the referring licensee has a significant financial interest unless the licensee has disclosed in advance to the client the licensee's own financial interest.

(b) If grounds for disciplinary action exist under paragraph (a), the board may take one or more of the following actions:

(1) refuse to grant or renew a license;

(2) revoke a license;

(3) suspend a license;

(4) impose limitations or conditions on a licensee's practice of professional counseling, including, but not limited to, limiting the scope of practice to designated competencies, imposing retraining or rehabilitation requirements, requiring the licensee to practice under supervision, or conditioning continued practice on the demonstration of knowledge or skill by appropriate examination or other review of skill and competence;

(5) censure or reprimand the licensee;

(6) refuse to permit an applicant to take the licensure examination or refuse to release an applicant's examination grade if the board finds that it is in the public interest; or

(7) impose a disciplinary fee not exceeding \$10,000 for each separate violation. The amount of the disciplinary fee shall be fixed so as (1) to deprive the applicant or licensee of any economic advantage gained by reason of the violation charged and (2) to reimburse the board for the cost of the investigation and proceeding, including, but not limited to, the costs of legal and investigative services provided by the office of the attorney general and the costs of legal services provided by the office of administrative hearings.

(c) In lieu of or in addition to paragraph (b), the board may require, as a condition of continued licensure, termination of suspension, reinstatement of license, examination, or release of examination grades, that the applicant or licensee:

(1) submit to a quality review, as specified by the board, of the applicant's or licensee's ability, skills, or quality of work; and

(2) complete to the satisfaction of the board educational courses specified by the board.

(d) Service of the order is effective if the order is served on the applicant, licensee, or counsel of record personally or by mail to the most recent address provided to the board for the licensee, applicant, or counsel of record. The order shall state the reasons for the entry of the order."

Page 10, line 34, after the comma, insert "natural family planning practitioners certified by the American Academy of Natural Family Planning,"

Page 16, after line 4, insert:

"Sec. 22. [REPEALER.]

Minnesota Statutes 1994, sections 148B.63; 148B.64; 148B.65; 148B.67; 148B.69; 148B.70; and 148B.71; Minnesota Statutes 1995 Supplement, sections 148B.60; 148B.61; 148B.62; 148B.66; and 148B.68; and section 14, subdivision 4, are repealed."

Page 16, line 7, after the period, insert "Section 22 is effective July 1, 1997."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 12, before the period, insert "; repealing Minnesota Statutes 1994, sections 148B.63; 148B.64; 148B.65; 148B.67; 148B.69; 148B.70; and 148.71; Minnesota Statutes 1995 Supplement, sections 148B.60; 148B.61; 148B.62; 148B.66; and 148B.68"

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

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

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

S.F. No. 2123: A bill for an act relating to children; clarifying the procedures peace officers must follow when deciding where to place a child placed on a health and welfare hold; requiring certain notices; clarifying shelter care agency responsibilities to initiate immediate judicial hearings to place children in least restrictive settings upon request from family members or a child being held; clarifying the duties of related persons receiving a child on a 72-hour health and welfare hold; clarifying the reporting procedures and requirements for the placing officer to notify the county agency and the court; changing certain emergency licensing procedures; authorizing certain petitions and appearances; specifying review in certain cases; imposing an adoption waiting period; clarifying certain terms; authorizing participation by advocates; requesting the supreme court to develop certain forms and procedures; amending Minnesota Statutes 1994, sections 257.02; 257.03; 260.015, subdivision 14; 260.135, by adding a subdivision; 260.165, subdivision 3, and by adding a subdivision; 260.171, subdivision 2; 260.173, by adding subdivisions; Minnesota Statutes 1995 Supplement, section 245A.035, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 259; and 260.

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

Page 2, line 8, delete the period

Page 2, lines 9 to 14, delete the new language

Page 3, line 1, delete "(a)" and after "person" insert "not exempted from the requirement for licensure under chapter 245A"

Page 3, delete lines 27 to 36

Page 4, delete lines 1 and 2

Page 4, delete section 4 and insert:

"Sec. 4. [257.035] [EMERGENCY.]

A relative who acts to protect a child in an emergency or when a parent dies is not a custodian as defined under section 260.015. If the relative is unable or unwilling to provide for the ongoing care, custody, and control of the child, the child may be considered a child in need of protection or services under section 260.015. The relative may report the death or emergency to the local social service agency. Upon receiving the report, the local social service agency shall assess the circumstances and the needs of the child. The agency may place the child in foster care with a relative who meets the licensing standards under chapter 245A, and may pursue court action on behalf of the child."

Page 4, line 13, reinstate the stricken language and after the period, insert "This subdivision does not impose upon persons who are not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care a duty to provide that care."

Page 4, delete section 6

Page 5, line 20, after "shall" insert ", to the extent practicable,"

Page 5, line 22, delete everything after "child"

Page 5, line 23, delete everything before the semicolon

Page 5, line 24, delete "the parents' advocate or representative;" and insert "and"

Page 5, line 25, delete "; and the relatives' advocate or representative"

Page 7, line 4, delete "or" and insert "and"

Page 7, line 7, delete "the placement" and insert "custody"

Page 7, line 10, reinstate the stricken language and delete the new language

Page 7, lines 11 to 15, delete the new language

Pages 7 to 10, delete sections 10 to 14 and insert:

"Sec. 9. Minnesota Statutes 1994, section 260.173, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, if the child had been taken into custody pursuant to section 260.165, subdivision 1, clause (a) or clause (c)(2), and is not alleged to be delinquent, the child shall be detained in the least restrictive setting consistent with the child's health and welfare and in closest proximity to the child's family as possible. Placement may be with a child's relative, or in a shelter care facility. The placing officer shall comply with this section and shall document why a less restrictive setting will or will not be in the best interests of the child for placement purposes."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete everything after the semicolon

Page 1, delete lines 6 to 8

Page 1, line 9, delete everything before "clarifying"

Page 1, line 16, delete everything after the first semicolon

Page 1, delete lines 17 and 18

Page 1, line 19, delete everything before "amending"

Page 1, line 21, delete everything after the first semicolon

Page 1, line 23, delete "by adding" and insert "subdivision 2"

Page 1, line 24, delete "subdivisions"

Page 1, line 26, delete "chapters 259; and 260" and insert "chapter 257"

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

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

S.F. No. 2048: A bill for an act relating to retirement; reallocating police and fire amortization aid to the Minneapolis and St. Paul teachers retirement association funds; modifying the method of computing benefits for the Minneapolis police and fire department relief association; amending Minnesota Statutes 1994, sections 423A.02, by adding a subdivision; 423B.01, subdivision 9; 423B.15, subdivision 3; and Laws 1989, chapter 319, article 19, section 7, subdivisions 1, as amended, and 4, as amended.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

DESIGNATION OF BENEFICIARY FOR REFUND UPON DEATH

Section 1. Minnesota Statutes 1994, section 3A.04, subdivision 4, is amended to read:

Subd. 4. ~~[DEATH REFUNDS TO ESTATE.]~~ Upon the death of a member of the legislature or former legislator who was not receiving a retirement allowance, without either a surviving spouse

and without any or dependent children, regardless of when the death occurred, the last designated beneficiary named on a form filed with the director before the death of the legislator, or if no designation is filed, the estate of the member or former legislator, upon application of the representative of the estate, shall be entitled to a refund of contributions of the deceased member of the legislature or former legislator plus interest as provided in section 3A.03, subdivision 2, clause (2).

Sec. 2. Minnesota Statutes 1994, section 352B.11, subdivision 1, is amended to read:

Subdivision 1. [REFUND OF PAYMENTS.] A member who has not received other benefits under this chapter is entitled to a refund of payments made by salary deduction, plus interest, if the member is separated, either voluntarily or involuntarily, from state service that entitled the member to membership. In the event of the member's death, if there are no survivor benefits payable under this chapter, a refund is payable to the last designated beneficiary on a form filed with the director before death, or if no designation is filed, the refund is payable to the member's estate is entitled to the refund. Interest must be computed at the rate of six percent a year, compounded annually. To receive a refund, the member must apply application must be made on a form prescribed by the executive director.

Sec. 3. Minnesota Statutes 1994, section 352C.09, is amended by adding a subdivision to read:

Subd. 3. [DEATH REFUND.] If a constitutional officer who has not received other benefits under this chapter dies and there are no survivor benefits payable under this chapter, a refund plus interest as provided in section 352C.09, subdivision 2, clause (1), is payable to the last designated beneficiary named on a form filed with the director before the death of the constitutional officer, or if no designation is on file, the refund is payable to the estate of the deceased constitutional officer.

Sec. 4. Minnesota Statutes 1994, section 490.124, is amended by adding a subdivision to read:

Subd. 13. [DEATH REFUND.] If a judge who has not received other benefits under this chapter dies and there are no survivor benefits payable under this chapter, a refund plus interest as provided in section 490.124, subdivision 12, is payable to the last designated beneficiary named on a form filed with the director before the death of the judge, or if no designation is on file, the refund is payable to the estate of the deceased judge.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective July 1, 1996.

ARTICLE 2

ADMINISTRATIVE PROVISIONS RELATING TO THE MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 1994, section 352.04, subdivision 8, is amended to read:

Subd. 8. [DEPARTMENT REQUIRED TO PAY OMITTED SALARY DEDUCTIONS.] (a) If a department fails to take deductions past due for a period of 60 days or less from an employee's salary as provided in this section, those deductions must be taken on later payroll abstracts.

(b) If a department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, shall must pay on later payroll abstracts the employee and employer contributions and an amount equivalent to 8.5 percent of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent compound annual interest.

(c) If a department fails to take deductions past due for a period of 60 days or less and the employee is no longer in state service so that the required deductions cannot be taken from the salary of the employee, the department shall must nevertheless pay the required employer contributions. If any department fails to take deductions past due for a period in excess of 60 days and the employee is no longer in state service, the omitted contributions shall must be recovered under paragraph (b).

(d) If an employee from whose salary required deductions were past due for a period of 60 days or less leaves state service before the payment of the omitted deductions and subsequently returns to state service, the unpaid amount is considered the equivalent of a refund. The employee accrues no right by reason of the unpaid amount, except that the employee may pay the amount of omitted deductions as provided in section 352.23.

Sec. 2. Minnesota Statutes 1994, section 352.95, subdivision 2, is amended to read:

Subd. 2. [NON-JOB-RELATED DISABILITY.] Any covered correctional employee who, after at least one year of covered correctional service, becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury occurring while not engaged in covered employment, is entitled to a disability benefit based on covered correctional service only. The disability benefit must be computed as provided in section 352.93, subdivisions 1 and 2, and computed as though the employee had at least 15 years of covered correctional service.

Sec. 3. Minnesota Statutes 1994, section 352B.10, subdivision 2, is amended to read:

Subd. 2. [DISABLED WHILE NOT ON DUTY.] If a member terminates employment after at least one year of service because of sickness or injury occurring while not on duty and not engaged in state work entitling the member to membership, and the ~~termination is necessary because the member cannot perform duties, the member is entitled to receive a disability benefit~~ member becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury occurring while not engaged in covered employment, the member is entitled to disability benefits. The benefit must be in the same amount and computed in the same way as if the member were 55 years old at the date of disability and the annuity were paid under section 352B.08. If disability under this clause occurs after one but before 15 years service, the disability benefit must be computed as though the member had 15 years service.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective July 1, 1996.

ARTICLE 3

ADMINISTRATIVE PROVISIONS RELATING TO THE TEACHERS RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1994, section 354.44, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FOR RETIREMENT.] ~~Application for retirement must be made by the member or by someone authorized to act in the member's behalf. A member or a person authorized to act on behalf of the member may make application for retirement provided the age and service requirements under subdivision 1 are satisfied on or before the member's retirement annuity accrual date under subdivision 4. The application may be made no earlier than 120 days before the termination of teaching service. The application must be made on a form prescribed by the executive director and is not complete until all necessary supporting documents are received by the executive director.~~

Sec. 2. Minnesota Statutes 1994, section 354.44, subdivision 4, is amended to read:

Subd. 4. [TIME AND MANNER OF PAYMENTS RETIREMENT ANNUITY ACCRUAL DATE.] ~~A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that an application for retirement must not be made more than 60 days before termination of teaching service. The~~ (a) An annuity payment begins to accrue, ~~providing that the age and service requirements under subdivision 1 are satisfied, after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:~~

(a) (1) on the 16th day of the month of termination or filing if the termination or filing occurs on or before the 15th day of the month;

(b) (2) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the 16th day of the month, or;

(e) (3) on July 1 for all school principals and other administrators who receive a full annual contract salary during the fiscal year for performance of a full year's contract duties; or

(4) a later date to be the first or 16th day of a month within the six-month period immediately following the termination of teaching service as specified under paragraph (b) by the member.

(b) If an application for retirement is filed with the board during the six-month 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 or a later date occurring within the six-month period as specified by the member under paragraph (a), clause (4). An annuity must 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.

ARTICLE 4

INCREASED FUNDING FOR THE MINNEAPOLIS AND ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATIONS

Section 1. Minnesota Statutes 1994, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.] (4) (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association;

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under section 69.021, subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including the market value of tax exempt property, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution shall must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department shall may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement shall must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar

year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters.

(e) The fire state aid shall must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

(f) The commissioner may make rules to permit the administration of the provisions of this section. Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Subd. 7a. [APPORTIONMENT OF POLICE STATE AID.]

(2) (a) The commissioner shall apportion the state peace officer aid to each municipality and to the county in the following manner:

(a) (1) For all municipalities maintaining police departments and the county, the state aid shall must be distributed in proportion to the total number of peace officers, as determined under section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality and by the county for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

(b) (2) For each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service shall must be credited against the municipality's contract obligation; and

(c) (3) For each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service on a full-time equivalent basis shall must be credited against the contract obligation of the municipality receiving contract service;

(d) (b) No municipality entitled to receive state peace officer aid shall may be apportioned less state peace officer aid for any year under Laws 1976, chapter 315, than the amount which was apportioned to it for calendar year 1975 based on premiums reported to the commissioner for calendar year 1974; provided, the amount of state peace officer aid to other municipalities within the county and to the county shall must be adjusted in proportion to the total number of peace officers in the municipalities and the county, so that the amount of state peace officer aid apportioned shall does not exceed the amount of state peace officer aid available for apportionment.

Sec. 2. Minnesota Statutes 1994, section 124.916, subdivision 3, is amended to read:

Subd. 3. [RETIREMENT LEVIES.] (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy shall not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1. Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

(5) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. Notwithstanding section 121.904, the entire amount of this levy may be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

(6) In addition to the levy authorized under paragraph (5), special school district No. 1, Minneapolis, may also levy payable in 1996 or later an amount equal to the contributions under section 354A.12, subdivision 2c, and may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Independent school district No. 625, St. Paul, may levy payable in 1996 or later an amount equal to the supplemental contributions under section 354A.12, subdivision 2d. Notwithstanding section 121.904, the entire amount of this levy ~~these levies~~ may be recognized as revenue for the fiscal year in which the levy is certified. ~~This levy~~ These levies shall not be considered in computing the aid reduction under section 124.155.

Sec. 3. Minnesota Statutes 1994, section 354A.12, subdivision 2, is amended to read:

Subd. 2. [RETIRED CONTRIBUTION LEVY DISALLOWED.] Except as provided in ~~subdivision~~ subdivisions 2c and 3b, paragraph (d), with respect to the city of Minneapolis and special school district No. 1 and in subdivision 2d with respect to independent school district No. 625, notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed.

Sec. 4. Minnesota Statutes 1994, section 354A.12, is amended by adding a subdivision to read:

Subd. 2c. [SCHOOL DISTRICT SUPPLEMENTAL CONTRIBUTIONS TO MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Beginning in fiscal year 1997, and annually thereafter, special school district No. 1 shall pay supplemental contributions in the following amounts to the Minneapolis teachers retirement fund association to reduce the unfunded actuarial accrued liability of the Minneapolis teachers retirement fund association according to the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215:

(1) an amount equal to 70 percent of the difference between the total 1995 financial requirements and the total current year financial requirements of the Minneapolis employees retirement fund payable by the city of Minneapolis pursuant to section 422A.101, subdivision 1a, provided that the number is negative. The amount payable shall be determined according to the recent valuation of the Minneapolis employees retirement fund prepared by the pension commission actuary;

(2) an amount equal to 70 percent of the difference between the total 1995 employer contributions and the total current year employer contributions payable under section 422A.101, subdivision 2, clause (c), on behalf of employees of special school district No. 1 who are covered by the Minneapolis employees retirement fund. The amount payable shall be determined according to the recent valuation of the Minneapolis employees retirement fund prepared by the pension commission actuary.

(b) Special school district No. 1 may levy for supplemental contributions to the Minneapolis teachers retirement fund association under this subdivision only to the extent permitted under section 124.916, subdivision 3.

Sec. 5. Minnesota Statutes 1994, section 354A.12, is amended by adding a subdivision to read:

Subd. 2d. [SCHOOL DISTRICT SUPPLEMENTAL CONTRIBUTIONS TO ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Beginning in fiscal year 1997, and annually thereafter, independent school district No. 625 shall pay a supplemental contribution to the St. Paul teachers retirement fund association to reduce the unfunded actuarial accrued liability of the St. Paul teachers retirement fund association according to actuarial valuation of the fund prepared by the commission-retained actuary under section 356.215. The supplemental contribution shall be an amount equal to the state contribution to the St. Paul teachers retirement fund association as specified by section 354A.12, subdivision 3a, paragraph (c).

(b) Independent school district No. 625 may levy for supplemental contributions to the St. Paul teachers retirement fund association under this subdivision only to the extent permitted under section 124.916, subdivision 3.

Sec. 6. Minnesota Statutes 1994, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. [SPECIAL DIRECT STATE AID TO ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION.] (a) The state shall pay to the St. Paul teachers retirement fund association \$500,000 in fiscal year 1994. In each subsequent fiscal year, the payment to the St. Paul teachers retirement fund association must be increased at the same rate as the increase in the general education revenue formula allowance under section 124A.22, subdivision 2, in subsequent fiscal years.

(b) The direct state aid is payable October 1 annually. The commissioner of finance shall pay the direct state aid. The amount required under ~~this subdivision~~ paragraph (a) is appropriated annually to the commissioner of finance.

(c) In addition to the direct state aid payable under paragraph (a), the state shall pay to the St. Paul teachers retirement fund association annually an amount equal to 30 percent of the difference of \$11,005,000 and the actual state contribution to the Minneapolis employees retirement fund under sections 356.865 and 422A.101, subdivision 3, for the current fiscal year. Payments under this paragraph shall be made in three equal installments, occurring annually on July 15, September 15, and November 15. The amount required under this paragraph is appropriated annually to the commissioner of finance.

Sec. 7. Minnesota Statutes 1995 Supplement, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. [SPECIAL DIRECT STATE MATCHING AND STATE AID TO THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Special school district No. 1 may make an additional employer contribution to the Minneapolis teachers retirement fund association. The city of Minneapolis may make a contribution to the Minneapolis teachers retirement fund association. This contribution may be made by a levy of the board of estimate and taxation of the city of Minneapolis, and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) For every \$1,000 contributed in equal proportion by special school district No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association under paragraph (a),

the state shall pay to the Minneapolis teachers retirement fund association \$1,000, but not to exceed \$2,500,000 in total in fiscal year 1994. The total amount available for each subsequent fiscal year must be increased at the same rate as the increase in the general education revenue formula allowance under section 124A.22, subdivision 2, in subsequent fiscal years. The superintendent of special school district No. 1, the mayor of the city of Minneapolis, and the executive director of the Minneapolis teachers retirement fund association shall jointly certify to the commissioner of finance the total amount that has been contributed by special school district No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association. Any certification to the commissioner of children, families, and learning must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Minneapolis teachers retirement fund association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

(d) In addition to the direct matching aid payable under paragraph (b), the state shall pay direct state aid to the Minneapolis teachers retirement fund association annually an amount equal to 70 percent of the difference between \$11,005,000 and the actual state contribution to the Minneapolis employees retirement fund under sections 356.865 and 422A.101, subdivision 3, for the current fiscal year. Payments under this paragraph shall be made in three equal installments, occurring annually on July 15, September 15, and November 15. The amount required under this paragraph is appropriated annually to the commissioner of finance.

Sec. 8. Minnesota Statutes 1994, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. [TERMINATION OF SUPPLEMENTAL CONTRIBUTIONS AND DIRECT STATE MATCHING AND STATE AID.] (a) The supplemental contributions payable to the Minneapolis teachers retirement fund association by special school district No. 1 under subdivisions 2c and 2d to the St. Paul teachers retirement fund association by independent school district No. 625, the direct state aid under subdivision 3a to the St. Paul teachers retirement association, and the direct matching and state aid under subdivision 3b to the Minneapolis teachers retirement fund association terminates for the respective fund at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained by the legislative commission on pensions and retirement, equals or exceeds the accrued liability funding ratio for the teachers retirement association, as determined in the most recent actuarial report for the teachers retirement association by the actuary retained by the legislative commission on pensions and retirement.

(b) If the direct matching or state aid is terminated for the St. Paul teachers retirement fund association or the Minneapolis teachers retirement fund association under paragraph (a), it may not again be received by that fund.

(c) If either the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association remain funded at less than the funding ratio applicable to the teachers retirement association when the provisions of paragraph (b) become effective, then any state aid not distributed to that association must be immediately transferred to the other association.

Sec. 9. Minnesota Statutes 1994, section 356A.06, subdivision 7, is amended to read:

Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise authorized by law or bylaws, a covered pension plan not described by subdivision 6, paragraph (a), may invest its assets only in accordance with this subdivision.

(b) [SECURITIES GENERALLY.] The covered pension plan has the authority to purchase, sell, lend, or exchange the securities specified in paragraphs (c) to (g), including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by

a financial institution regulated by a governmental agency. These securities may be owned as units in commingled trusts that own the securities described in paragraphs (c) to (g).

(c) [GOVERNMENT OBLIGATIONS.] The covered pension plan may invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness provided the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph include guaranteed or insured issues of (1) the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress; (2) Canada and its provinces, provided the principal and interest is payable in United States dollars; (3) the states and their municipalities, political subdivisions, agencies, or instrumentalities; (4) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars.

(d) [CORPORATE OBLIGATIONS.] The covered pension plan may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(1) the principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof must be payable in United States dollars; and

(2) obligations must be rated among the top four quality categories by a nationally recognized rating agency.

(e) [OTHER OBLIGATIONS.] (1) The covered pension plan may invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage participation certificates and pools, asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(i) bankers acceptances and deposit notes of United States banks are limited to those issued by banks rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit are limited to those issued by (A) United States banks and savings institutions that are rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; or (B) credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper is limited to those issued by United States corporations or their Canadian subsidiaries and rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3, does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3;

(v) collateral for repurchase agreements and reverse repurchase agreements is limited to letters of credit and securities authorized in this section;

(vi) guaranteed investment contracts are limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this subdivision; and

(vii) savings accounts are limited to those fully insured by federal agencies; and

(viii) asset backed securities must be rated in the top four quality categories by a nationally recognized rating agency.

(2) Sections 16A.58 and 16B.06 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), the covered pension plan may purchase from the Minnesota housing finance agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(f) [CORPORATE STOCKS.] The covered pension plan may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange, if they conform to the following provisions:

(1) The aggregate value of corporate stock investments, as adjusted for realized profits and losses, must not exceed 85 percent of the market or book value, whichever is less, of a fund, less the aggregate value of investments according to subdivision 6;

(2) Investments must not exceed five percent of the total outstanding shares of any one corporation.

(g) [OTHER INVESTMENTS.] (1) In addition to the investments authorized in paragraphs (b) to (f), and subject to the provisions in clause (2), the covered pension plan may invest funds in:

(i) venture capital investment businesses through participation in limited partnerships and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust through investment in limited partnerships, bank sponsored collective funds, trusts, and insurance company commingled accounts, including separate accounts;

(iii) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940;

(iv) resource investments through limited partnerships, private placements, and corporations; and

(v) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made according to clause (1) may not exceed 35 percent of the market value of the fund for which the covered pension plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the state board for investments made under clause (1), item (i), (ii), (iii), or (iv);

(iii) covered pension plan participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), (iii), or (iv); and

(iv) covered pension plan participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The covered pension plan may not engage in any activity as a limited partner which creates general liability.

Sec. 10. Minnesota Statutes 1994, section 423A.02, subdivision 1, is amended to read:

Subdivision 1. [AMORTIZATION STATE AID.] (a) A municipality in which is located a local police or salaried firefighters' relief association to which the provisions of section 69.77, apply, that had an unfunded actuarial accrued liability in the most recent relief association actuarial valuation, is entitled, upon application as required by the commissioner of revenue, to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and 69.77. If a municipality loses entitlement for amortization state aid in any year because its local relief association no longer has an unfunded actuarial accrued liability, the municipality is not entitled to amortization state aid in any subsequent year.

(b) The total amount of amortization state aid to all entitled municipalities must not exceed \$5,055,000.

(c) Subject to the adjustment for the city of Minneapolis provided in this paragraph, the amount of amortization state aid to which a municipality is entitled annually is an amount equal to the level annual dollar amount required to amortize, by December 31, 2010, the unfunded actuarial accrued liability of the special fund of the appropriate relief association as reported in the December 31, 1978, actuarial valuation of the relief association prepared under sections 356.215 and 356.216, reduced by the dollar amount required to pay the interest on the unfunded actuarial accrued liability of the special fund of the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes 1978, section 356.215, subdivision 4, clause (4). For the city of Minneapolis, the amortization state aid amount thus determined must be reduced by \$747,232 on account of the Minneapolis police relief association and by \$772,768 on account of the Minneapolis fire department relief association. If the amortization state aid amounts determined under this paragraph exceed the amount appropriated for this purpose, the amortization state aid for actual allocation must be reduced pro rata.

(d) Payment of amortization state aid to municipalities must be made directly to the municipalities involved in four three equal installments on March 15, July 15, September 15, and November 15 annually. Upon receipt of amortization state aid, the municipal treasurer shall transmit the aid amount to the treasurer of the local relief association for immediate deposit in the special fund of the relief association.

(e) The commissioner of revenue shall prescribe and periodically revise the form for and content of the application for the amortization state aid.

Sec. 11. Minnesota Statutes 1994, section 423A.02, is amended by adding a subdivision to read:

Subd. 3. [ALLOCATION OF AMORTIZATION OR SUPPLEMENTARY AMORTIZATION STATE AID.] (a) Seventy percent of the amortization aid or supplemental amortization aid under this section which is not distributed for any reason to a municipality for use by a local police or salaried fire relief association must be distributed by the commissioner of revenue according to this subdivision. The commissioner shall distribute 70 percent of the undistributed aid under this paragraph to the Minneapolis teachers retirement fund association and 30 percent to the St. Paul teachers retirement fund association to fund the unfunded actuarial accrued liabilities of the respective funds. The amount required under this paragraph is appropriated annually to the commissioner of finance. If either fund becomes fully funded based on the actuarial reports prepared by the actuary for the legislative commission on pensions and retirement, then the commissioner shall distribute all the undisbursed aid under this paragraph to the other fund. If both funds become fully funded, the undistributed aid under this paragraph must be deposited in the general fund.

(b) Thirty percent of the amortization aid or supplemental amortization aid under this section

which is not distributed for any reason to a municipality for use by a local police or salaried firefighter relief association must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations. The amount required under this paragraph is appropriated annually to the commissioner of revenue.

Sec. 12. Minnesota Statutes 1994, section 423B.01, subdivision 9, is amended to read:

Subd. 9. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal year years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal year years plus two percent, and must be expressed as a dollar amount and may not exceed one percent of the total assets of the fund and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Sec. 13. Minnesota Statutes 1994, section 423B.15, subdivision 3, is amended to read:

Subd. 3. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The amount determined under subdivision 2 must be applied in accordance with this subdivision. The relief association shall apply the first one-half of excess investment income to the payment of an annual postretirement payment as specified in this subdivision. The second one-half of excess investment income must be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. The relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return for the most recent prior five years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade patrol officer in the most recent prior five fiscal year and the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a top grade patrol officer of the previous five years. The total amount of all payments to members may not exceed the amount determined under this subdivision. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. Payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less.

A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

Sec. 14. Laws 1989, chapter 319, article 19, section 7, subdivision 1, as amended by Laws 1992, chapter 471, article 2, section 5, is amended to read:

Subdivision 1. [MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION; DEFINITIONS.] For the purposes of this section, each of the terms in this subdivision have the meanings given them in paragraphs (a) to (h).

(a) "Annual postretirement payment" means the payment of a lump sum postretirement benefit to an eligible member on June 1 following the determination date in any year.

(b) "City" means the city of Minneapolis.

(c) "Determination date" means December 31 of each year.

(d) "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date. A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

(e) "Excess investment income" means the amount by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal year years has exceeded the actual average percentage increase in the current monthly salary of a top grade firefighter in the most recent prior five fiscal year years plus two percent. The excess investment income must be expressed as a dollar amount and may not exceed one percent of the total assets of the fund ~~and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a top grade firefighter during the previous five calendar years.~~

(f) "Fund" means the Minneapolis fire department relief association.

(g) "Relief association" means the Minneapolis fire department relief association.

(h) "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under Minnesota Statutes, section 11A.04, clause (11), and in effect on January 1, 1987.

Sec. 15. Laws 1989, chapter 319, article 19, section 7, subdivision 4, as amended by Laws 1990, chapter 570, article 12, section 63, and Laws 1992, chapter 471, article 2, section 6, is amended to read:

Subd. 4. [AMOUNT OF ANNUAL POSTRETIREMENT PAYMENT.] The amount determined under subdivision 3 must be applied in accordance with this subdivision. The relief association shall apply the first one-half of one percent of assets which constitute excess investment income to the payment of an annual postretirement payment as specified in this subdivision. The second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. The relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return in the most recent prior five fiscal years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade firefighter in the most recent prior five fiscal year ~~and the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a top grade firefighter of the previous five years.~~ The total amount of all payments to members may not exceed the amount determined under subdivision 3. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. Payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 15 are effective the day following final enactment and apply to aid payments beginning in calendar year 1996.

ARTICLE 5

ADMINISTRATIVE PROVISIONS RELATING TO THE
AMBULANCE SERVICE PERSONNEL LONGEVITY
AWARD PROGRAM

Section 1. Minnesota Statutes 1994, section 144C.06, is amended to read:

144C.06 [TRUST ACCOUNT INVESTMENT.]

The trust account must be invested by the state board of investment in nonretirement funds established under the provisions of section 11A.14. The trust account must be invested in investment accounts so that the asset allocation is similar to the asset allocation of the income share account of the Minnesota supplemental investment fund, as ~~provided in~~ governed by section ~~11A.20~~ 11A.17.

Sec. 2. Minnesota Statutes 1995 Supplement, section 144C.07, subdivision 2, is amended to read:

Subd. 2. [POTENTIAL ALLOCATIONS.] (a) On ~~September~~ November 1, annually, the board or the board's designee under section 144C.01, subdivision 2, shall determine the amount of the allocation of the prior year's accumulation to each qualified ambulance service person. The prior year's net investment gain or loss under paragraph (b) must be allocated and that year's general fund appropriation, plus any transfer from the suspense account under section 144C.03, subdivision 2, and after deduction of administrative expenses, also must be allocated.

(b) The difference in the market value of the assets of the ambulance service personnel longevity award and incentive trust account as of the immediately previous June 30 and the June 30 occurring 12 months earlier must be reported on or before August 15 by the state board of investment. The market value gain or loss must be expressed as a percentage of the total potential award accumulations as of the immediately previous June 30, and that positive or negative percentage must be applied to increase or decrease the recorded potential award accumulation of each qualified ambulance service person.

(c) The appropriation for this purpose, after deduction of administrative expenses, must be divided by the total number of additional ambulance service personnel years of service recognized since the last allocation or 1,000 years of service, whichever is greater. If the allocation is based on the 1,000 years of service, any allocation not made for a qualified ambulance service person must be credited to the suspense account under section 144C.03, subdivision 2. A qualified ambulance service person must be credited with a year of service if the person is certified by the chief administrative officer of the ambulance service as having rendered active ambulance service during the 12 months ending as of the immediately previous June 30. If the person has rendered prior active ambulance service, the person must be additionally credited with one-fifth of a year of service for each year of active ambulance service rendered before June 30, 1993, but not to exceed in any year one additional year of service or to exceed in total five years of prior service. Prior active ambulance service means employment by or the provision of service to a licensed ambulance service before June 30, 1993, as determined by the person's current ambulance service based on records provided by the person that were contemporaneous to the service. The prior ambulance service must be reported on or before August ~~15~~ 1 to the board in an affidavit from the chief administrative officer of the ambulance service.

Sec. 3. Minnesota Statutes 1995 Supplement, section 144C.08, is amended to read:

144C.08 [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD.]

(a) A qualified ambulance service person who has terminated active ambulance service, who has at least five years of credited ambulance service, who is at least 50 years old, and who is among the 400 persons with the greatest amount of credited ambulance service applying for a longevity award during that year, is entitled, upon application, to an ambulance service personnel longevity award. An applicant whose application is not approved because of the limit on the number of annual awards may apply in a subsequent year.

(b) If a qualified ambulance service person who meets the age and service requirements specified in paragraph (a) dies before applying for a longevity award, the estate of the decedent is entitled, upon application, to the decedent's ambulance service personnel longevity award, without reference to the limit on the number of annual awards.

(c) An ambulance service personnel longevity award is the total amount of the person's accumulations indicated in the person's separate record under section 144C.07 as of the ~~August 15~~ preceding the application November 1 in the calendar year in which application is made. The amount is payable only in a lump sum.

(d) Applications for an ambulance service personnel longevity award must be received by the board or the board's designee under section 144C.01, subdivision 2, by ~~August 15~~ October 1, annually. Ambulance service personnel longevity awards are payable only as of the ~~last~~ last business day in ~~October~~ December annually.

Sec. 4. [EFFECTIVE DATE.]

(a) Sections 1 to 3 are effective July 1, 1996.

(b) Any investments of the ambulance service personnel longevity award and incentive trust account made before July 1, 1996, may be retained in the trust account after June 30, 1996, until, in its judgment, the state board of investment determines that it is appropriate to liquidate those prior holdings.

ARTICLE 6

PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN COVERAGE OPTION FOR LOCAL GOVERNMENT PHYSICIANS

Section 1. Minnesota Statutes 1994, section 353D.01, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] ~~Except as provided in section 353D.11, (a) Eligibility to participate in the defined contribution plan is open~~ available to an:

(1) elected local government official officials of a governmental subdivision who elects elect to participate in the plan under section 353D.02, subdivision 1, and who, for the elected service rendered to a governmental subdivision, is are not a member members of the public employees retirement association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7; and to

(3) basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate under section 353D.02, subdivision 3.

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Service as an elected local government official only includes service for the governmental subdivision for which the official was elected by the public-at-large. Service as an elected local government official ceases and eligibility to participate terminates when the person ceases to be an elected official. An elected local government official does not include an elected county sheriff.

~~Except as provided in section 353D.11, (c) Elected local government officials, physicians, and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.~~

(d) A former participant is a person who has ceased to be an elected local government official or an emergency medical service employee and who terminated eligible employment or service and has not withdrawn the value of an the person's individual account.

Sec. 2. Minnesota Statutes 1994, section 353D.02, is amended to read:

353D.02 [ELECTION OF COVERAGE.]

Subdivision 1. [ELECTED LOCAL GOVERNMENT OFFICIALS.] Eligible elected local government officials may elect to participate in the defined contribution plan after being elected or appointed to elective public office by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the elected official's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or contributions are received in the office of the association, whichever is received first, provided further that the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is revocable during incumbency.

Subd. 2. [ELIGIBLE PHYSICIAN.] Eligible physicians may elect to participate in the defined contribution plan within 90 days of commencing employment with a government subdivision under section 353.01, subdivision 6, by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the physician's salary. Participation begins on the first day of the pay period for which the contributions were deducted. An election to participate in the defined contribution plan is irrevocable.

Subd. 3. [ELIGIBLE AMBULANCE SERVICE PERSONNEL.] Each public ambulance service or privately operated ambulance service with eligible personnel that receives an operating subsidy from a governmental entity may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within 30 days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, whichever date is later. An election by a service or an individual is revocable.

Sec. 3. Minnesota Statutes 1994, section 353D.03, is amended to read:

353D.03 [FUNDING OF PLAN.]

(a) Subdivision 1. [LOCAL GOVERNMENT OFFICIAL CONTRIBUTION.] An eligible elected local government official who elects to participate in the public employees defined contribution plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating elected local government official's governmental subdivision shall contribute a matching amount.

(b) Subd. 2. [PHYSICIAN CONTRIBUTION.] An eligible physician who elects to participate in the plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. The employer shall contribute a matching amount.

Subd. 3. [AMBULANCE SERVICE PERSONNEL CONTRIBUTION.] A public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate in the plan shall fund benefits for its qualified personnel who individually elect to participate. Personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf. Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary. An ambulance service making contributions for volunteer or largely uncompensated personnel may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service contributions.

(c) Subd. 4. [PAYMENTS BY FORMER ELIGIBLE ELECTED OFFICIALS.] Former participants eligible elected local government officials in the defined contribution plan under this chapter shall not contribute to the plan except under section 353D.12.

Sec. 4. Minnesota Statutes 1994, section 353D.04, is amended to read:

353D.04 [CONTRIBUTIONS AND DEDUCTIONS IN ERROR.]

(a) Subdivision 1. [CREDITING OF ACCOUNT.] Contributions made by or on behalf of a participating elected local government official or physician must be remitted to the public employees retirement association and credited to the individual account established for the participant. (b) Ambulance service contributions must be remitted on a regular basis to the association together with any member contributions paid or withheld. Those contributions must be credited to the individual account of each participating member.

Subd. 2. [AUTHORITY TO ADOPT POLICIES.] The executive director may adopt policies and procedures regarding deductions taken totally or partially in error by the employer from the salary of an elected official.

Sec. 5. [CURRENT ELIGIBLE PHYSICIANS.]

Subdivision 1. [EXERCISE OF OPTION.] As of the effective date of this section, an eligible physician, who with respect to current service is participating in the general employees defined benefit plan administered by the public employees retirement association, may elect to participate in the public employees defined contribution plan and terminate further participation in the general employees defined benefit plan. The necessary election must be made within six months after the effective date of this section.

Subd. 2. [REFUND OR DEFERRED ANNUITY.] An eligible physician, who elects to transfer coverage under subdivision 1, is deemed to have terminated public service for purposes of Minnesota Statutes, section 353.34. The termination of public service is deemed to occur as of the first day of the month following the month in which the election is made to participate in the public employees defined contribution plan and any refund of accumulated employee deductions, with interest, or future deferred annuity is governed by the law in effect on that day. A refund paid to an eligible physician under this section must include employee contributions withheld from salary and omitted employee contributions paid by the employee or employer under Minnesota Statutes, section 353.27, subdivision 12.

Sec. 6. [DEFINED CONTRIBUTION AND DEFINED BENEFIT PLAN STUDY.]

The legislative commission on pensions and retirement shall report to the legislature by February 15, 1997, on the relative advantages and disadvantages, including any federal taxation considerations, of defined benefit pension plans and of defined contribution pension plans.

Sec. 7. [REPEALER.]

Minnesota Statutes 1994, section 353D.11, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment.

ARTICLE 7

INDIVIDUAL RETIREMENT ACCOUNT PLANS DEFINED
CONTRIBUTION PLAN COVERAGE FOR HISTORICAL
SOCIETY EMPLOYEES

Section 1. Minnesota Statutes 1995 Supplement, section 354D.02, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Eligible employees are:

- (1) any supervisory or professional employee of the state arts board; ~~and~~
- (2) any supervisory or professional employee of the Minnesota humanities commission; or
- (3) any employee of the Minnesota historical society.

Sec. 2. Minnesota Statutes 1995 Supplement, section 354D.03, is amended to read:

354D.03 [SOCIAL SECURITY COVERAGE.]

Plan participants ~~remain~~ are members of the general state retirement plan for purposes of social security coverage only ~~remain, and are~~ covered by the applicable agreement entered into under section 355.02 but are not members of the general state retirement plan for any other purpose while employed in covered employment.

Sec. 3. Minnesota Statutes 1995 Supplement, section 354D.04, is amended to read:

354D.04 [PLAN COVERAGE.]

An election made under this section is irrevocable. Eligible employees under section 354D.02, subdivision 2, shall elect to participate in either the individual retirement account plan or their respective retirement plan as follows:

(1) ~~An eligible employee first employed after the effective date of Laws 1994, chapter 508, in covered employment with no prior allowable service as a member of the Minnesota state retirement system, the public employees retirement association, or the teachers retirement association may elect retirement coverage under either their respective state retirement plan or the individual retirement account plan within 60 days of the start of covered employment. An election made under this subdivision is irrevocable.~~

(2) An eligible employee with prior allowable service as a member of the Minnesota state retirement system, the public employees retirement association, or the teachers retirement association may elect prospective coverage by the individual retirement account plan. If individual retirement account plan coverage is elected, accumulated employer and employee contributions and allowable service credit shall remain with the applicable retirement association or system. Notwithstanding any provision of law to the contrary, an individual who has transferred coverage for the same employment to the individual retirement account plan is entitled to an augmented deferred retirement annuity from the prior plan based on the amount representing the employer and employee contributions made on the individual's behalf in the retirement association or system in which the individual was formerly enrolled without regard to whether or not the individual meets the service credit vesting requirements of the applicable retirement association or system. An election made under this subdivision clause must be made within 120 days and is irrevocable following the date the eligible employee first becomes eligible to make the election.

Sec. 4. Minnesota Statutes 1995 Supplement, section 354D.06, is amended to read:

354D.06 [ADMINISTRATION.]

(a) The Minnesota state university system or its successor shall administer the individual retirement account plan for eligible employees listed in section 354D.02, subdivision 2, clauses (1) and (2), in accordance with sections 354B.01 to 354B.05.

(b) The Minnesota historical society or its successor shall administer the individual retirement account plan for eligible employees listed in section 354D.02, subdivision 2, clause (3), in accordance with section 354D.08.

Sec. 5. [354D.08] [INDIVIDUAL RETIREMENT ACCOUNT PLAN ADMINISTRATION; MINNESOTA HISTORICAL SOCIETY.]

Subdivision 1. [GENERAL GOVERNANCE.] The Minnesota historical society is the plan administrator and has the administrative responsibility for the individual retirement account plan for those eligible employees listed in section 354D.02, subdivision 2, clause (3).

Subd. 2. [ANNUITY CONTRACTS AND CUSTODIAL ACCOUNTS.] (a) The plan administrator shall arrange for the purchase of fixed annuity contracts, variable annuity contracts, a combination of fixed and variable annuity contracts, or custodial accounts from financial institutions which have been selected by the state board of investment and approved by the plan administrator under subdivision 3, as the investment vehicle for the retirement coverage of plan

participants and to provide retirement benefits to plan participants. Custodial accounts from financial institutions shall include open-end investment companies registered under the federal Investment Company Act of 1940, as amended.

(b) The annuity contracts or accounts must be purchased with contributions under section 354D.05, or with money or assets otherwise provided by law by authority of the Minnesota historical society and deemed acceptable by the applicable financial institution.

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The plan administrator may approve up to two financial institutions selected by the state board of investment under section 354B.25, subdivision 3, to provide annuity products and custodial accounts for those employees listed in section 354D.02, subdivision 2, clause (3). Only those financial institutions selected by the state board of investment and approved by the plan administrator may provide annuity products and custodial accounts for those employees listed in section 354D.02, subdivision 2, clause (3).

The state board of investment must periodically review at least every three years each financial institution selected. 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. All contracts must be approved by the state board of investment before execution by the Minnesota historical society. The state board of investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out this subdivision.

Subd. 4. [BENEFIT OWNERSHIP.] The retirement benefits provided by the annuity contracts and custodial accounts of the individual retirement account plan are held for the benefit of plan participants and must be paid according to this chapter and the plan document.

Subd. 5. [INDIVIDUAL RETIREMENT ACCOUNT PLAN ADMINISTRATIVE EXPENSES; MINNESOTA HISTORICAL SOCIETY.] (a) The reasonable and necessary administrative expenses of the individual retirement account plan for those employees enumerated in section 354D.02, subdivision 2, clause (3), must be paid by plan participants. The plan administrator may charge to plan participants purchasing annuity contracts and custodial accounts pursuant to subdivision 2, paragraph (a), an administrative expenses assessment of a designated amount, not to exceed two percent of member and employer contributions, as those contributions are made.

(b) Any administrative expense charge that is not actually needed for the administrative expenses of the individual retirement account plan must be refunded to member accounts.

Sec. 6. [EFFECTIVE DATE.]

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

ARTICLE 8

VOLUNTEER FIREFIGHTER FIRE PREVENTION SERVICE

Section 1. Minnesota Statutes 1994, section 424A.001, is amended by adding a subdivision to read:

Subd. 8. [FIREFIGHTING SERVICE.] "Firefighting service," if the applicable municipality approves for a fire department that is a municipal department, or if the contracting municipality or municipalities approve for a fire department that is an independent nonprofit firefighting corporation, includes service rendered by fire prevention personnel.

Sec. 2. Minnesota Statutes 1994, section 424A.001, is amended by adding a subdivision to read:

Subd. 9. [SEPARATE FROM ACTIVE SERVICE.] "Separate from active service" means to cease to perform fire suppression duties, to cease to perform fire prevention duties, to cease to supervise fire suppression duties, and to cease to supervise fire prevention duties.

Sec. 3. Minnesota Statutes 1994, section 424A.01, is amended by adding a subdivision to read:

Subd. 5. [FIRE PREVENTION PERSONNEL.] (a) If the fire department is a municipal department and the applicable municipality approves, or if the fire department is an independent nonprofit firefighting corporation and the contracting municipality or municipalities approve, the fire department may employ or otherwise utilize the services of persons as volunteer firefighters to perform fire prevention duties and to supervise fire prevention activities.

(b) Personnel serving in fire prevention positions are eligible to be members of the applicable volunteer firefighter relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform fire suppression duties.

(c) Personnel serving in fire prevention positions also are eligible to receive any other benefits under the applicable law or practice for services on the same basis as personnel employed to perform fire suppression duties.

Sec. 4. Minnesota Statutes 1994, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service, if the bylaws or articles of incorporation of the relief association so provide. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

(d) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated.

~~For the purposes of this chapter, "to separate from active service" means to cease to perform fire suppression duties and to cease to supervise fire suppression duties.~~

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment.

ARTICLE 9

SERVICE CREDIT DEADLINE EXTENSIONS
AND PURCHASES

Section 1. Laws 1995, chapter 252, article 1, section 16, is amended to read:

Sec. 16. [RETROACTIVE PROVISIONS.]

(a) A teacher who had at least three years of allowable service credit under Minnesota Statutes, chapter 354 or 354A, on July 1, 1994, and who worked part-time between July 1, 1994, and June 30, 1995, may be allowed to make contributions to and accrue allowable service credit in the applicable retirement fund, as if the teacher had been working full time, as provided in Minnesota Statutes, sections 354.66, subdivision 4, and 354A.094, subdivision 4, for service after July 1, 1994, and before June 30, 1995. If a teacher described in this paragraph wishes to obtain allowable service credit as if the teacher had been working full time for the period from July 1, 1994, to June 30, 1995, the teacher must:

(1) make a lump sum payment to the applicable pension fund within 60 days after the effective date of this section before August 2, 1996, with respect to the St. Paul teachers retirement fund association, or before August 2, 1995, with respect to any other teacher retirement plan, of the difference between the amount of the employer and employee contributions to the pension fund that would have been paid if the teacher had been working full time, and that amount that was actually paid for part-time service during that period; and

(2) submit to the association a letter or other document from the board of the teacher's employing district stating that the board would have agreed to the teacher's participation in the part-time mobility program during the 1994-1995 school year but for the requirement then in effect that the district make the full employer contribution to the retirement fund for teachers with 20 or more years of service, based on the compensation that would have been paid if the teacher had been employed on a full-time basis.

(b) An employer of a teacher covered by paragraph (a) must notify the teacher of the option available under paragraph (a) in writing within 30 days of the effective date of this section before July 3, 1996, with respect to the St. Paul teachers retirement fund association, or before July 3, 1995, with respect to any other teacher retirement plan.

(c) With respect to the St. Paul teachers retirement fund association, any payment must include compound interest at an annual rate of 8.5 percent from August 3, 1995, to the date on which payment is made.

Sec. 2. [PURCHASE OF PRIOR SERVICE CREDIT, WILLMAR REGIONAL TREATMENT CENTER EMPLOYEES.]

Subdivision 1. [ELIGIBILITY.] (a) The legislature determines that the period of service referenced in paragraph (c), clause (3), although involving a termination from state service, was undertaken with a mutual expectation that the person would be rehired after the educational period was completed, was undertaken in connection with a state stipend, and constituted in fact an educational leave of absence for the affected person.

(b) Notwithstanding any provision of Minnesota Statutes, section 352.01, subdivision 11, to the contrary, an eligible person described in paragraph (c) is entitled to purchase allowable service credit in the Minnesota state retirement system general plan for the period described in paragraph (d) by paying the amount specified in subdivision 2.

(c) An eligible person is a person who:

(1) is a current member of the Minnesota state retirement system general plan;

(2) is currently employed by the Willmar regional treatment center;

(3) resigned from state service in order to attend the University of Michigan, Ann Arbor, between January 1967 and April 1968 and received a stipend from the Minnesota department of welfare during this period; and

(4) was reemployed by that department with a requirement that the individual provide a minimum period of additional service.

(d) The period of service credit purchase is one year, beginning with the start of the schooling or training in paragraph (c), clause (3).

Subd. 2. [PURCHASE PAYMENT AMOUNT.] (a) To purchase service credit for the period specified in subdivision 1, paragraph (d), an eligible individual must pay to the Minnesota state retirement system general plan an amount computed under Minnesota Statutes, section 352.01, subdivision 11, clause (9), except that the applicable contribution rates and the employee salary rate are those in effect upon reemployment after the period of schooling. Interest charges must be computed from the date of reemployment until paid.

(b) To be entitled to make the payment specified in paragraph (a), the individual must establish in the records of the retirement plan that the eligibility requirements in subdivision 1 are satisfied. The manner of proof must be in accordance with procedures prescribed by the executive director of the Minnesota state retirement system.

Subd. 3. [PURCHASE PAYMENT FORM.] The purchase payment amount under subdivision 2 is payable by an eligible individual under subdivision 1 within 180 days of the effective date of this section, or prior to retirement from the Minnesota state retirement system general plan, whichever is earlier.

Subd. 4. [SERVICE CREDIT GRANT.] Service credit for the purchase period must be granted to the account of the eligible person upon receipt of the purchase payment amount specified in subdivision 2.

Sec. 3. [INDEPENDENT SCHOOL DISTRICT NO. 553, NEW YORK MILLS; PART-TIME TEACHER RETIREMENT COVERAGE PROGRAM DEADLINE EXTENSION.]

(a) Notwithstanding any provision of Minnesota Statutes, section 354.66, to the contrary, the teachers retirement association must accept the application for full-time retirement coverage filed by independent school district No. 553, New York Mills, on or about October 13, 1995, for a person who:

- (1) was born on May 16, 1945;
- (2) was initially hired by the school district in 1968;
- (3) served in the military from school years 1969-1970 to 1972-1973; and
- (4) began work as a part-time computer technology teacher on July 1, 1995.

A person who meets the requirements of clauses (1) to (4) is entitled to full-time teacher retirement association coverage under Minnesota Statutes, section 354.66, for the 1995-1996 school year if all other conditions of that section are met beyond the failure of the school district to timely file the application.

(b) A person who meets the requirements of paragraph (a), clauses (1) to (4), for teaching services shall pay the applicable employee contribution under Minnesota Statutes, section 354.42, subdivision 1, on the difference between the amount actually deducted from the person's compensation and the amount of the person's full-time equivalent salary under Minnesota Statutes, section 354.66, subdivision 4.

(c) Independent school district No. 553, New York Mills, shall pay the applicable employer and additional employer contributions under Minnesota Statutes, section 354.42, subdivisions 3 and 5, on the person's full-time equivalent salary, plus interest at the rate of 8.5 percent. The school district shall also pay interest at the rate of 8.5 percent on the difference between the employee contributions actually deducted from compensation and the amount of the person's full-time equivalent salary under paragraph (b).

(d) The payments under paragraphs (b) and (c) must each be made in a lump sum to the

teachers retirement association before June 30, 1996. If payment is made on an earlier date, interest must be calculated to the end of the month in which payment is made.

Sec. 4. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; ELIGIBILITY IN PART-TIME TEACHING PROGRAM FOR CERTAIN PART-TIME TEACHERS.]

Notwithstanding any provision of Minnesota Statutes 1994, section 354A.094, to the contrary, teachers in special school district No. 1, Minneapolis, who were granted a part-time position under Minnesota Statutes, section 354A.094, after June 30, 1994, but who were compensated in an amount that exceeded 67 percent of the compensation rate established by the board for a full-time teacher with identical education and experience within the district and who applied for and were approved by special school district No. 1, Minneapolis, for the 1994-1995 school year to participate in the qualified part-time teacher program must be allowed to make, by June 30, 1996, the full-time employee and employer contribution for the 1994-1995 school year and receive service credit from the Minneapolis teachers retirement fund association in amounts according to those prescribed in Minnesota Statutes, sections 354A.094 and 354A.12.

Sec. 5. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; PURCHASE OF PRIOR SERVICE CREDIT.]

Subdivision 1. [ELIGIBILITY; FORMER MINNEAPOLIS TEACHER.] (a) Notwithstanding Laws 1992, chapter 598, article 6, section 19, an eligible person who was:

(1) born on January 4, 1930;

(2) employed as a typing teacher in the adult education program at Bryant junior high school in Minneapolis in September 1969;

(3) employed as a reserve teacher in special school district No. 1 from January 1, 1970, until May 30, 1970; and

(4) employed from June 1, 1970, to 1978, as a business education teacher at the occupational skills training center in Minneapolis;

may purchase allowable service credit in the basic program of the Minneapolis teachers retirement fund association for the period described in paragraph (b) by paying the amount specified in subdivision 3.

(b) The service credit purchase is for the period or periods of uncovered eligible service from September 1969 until the commencement of Minneapolis teachers retirement association fund coverage in 1974 for which membership was mandatory, or for which coverage was at the employee's option, unless it can be demonstrated that the person described in paragraph (a) waived that coverage.

Subd. 2. [PURCHASE PAYMENT AMOUNT.] (a) To purchase credit for prior eligible service under subdivision 1, there must be paid to the Minneapolis teachers retirement fund association an amount equal to the present value of the amount of the additional retirement annuity obtained by purchase of the additional service credit.

(b) Calculation of this amount must be made by the executive director of the Minneapolis teachers retirement fund association using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the retirement association. The calculation must assume retirement at the age at which the minimum requirements of the retirement association for normal retirement, or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased.

(c) The person making the purchase must establish in the records of the association proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the retirement association.

(d) Payment of the amount calculated under this subdivision is the obligation of the eligible individual in subdivision 1 and must be made prior to July 1, 1996, in a lump sum. However, the current or former employer of the eligible individual may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of 8.5 percent per year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this paragraph, the employee must make the employee payments required under this paragraph prior to July 1, 1996. If that employee payment is made, the employing unit payment under this paragraph must be remitted to the executive director of the retirement association within 60 days of receipt by the executive director of the employee payments specified under this paragraph.

Subd. 3. [SERVICE CREDIT GRANT.] Service credit for the purchase period or periods must be granted to the account of the eligible person upon receipt of the purchase payment amount specified in subdivision 2.

Sec. 6. [ELECTION OF PUBLIC EMPLOYEE RETIREMENT ASSOCIATION COVERAGE.]

Subdivision 1. Notwithstanding Minnesota Statutes, section 353.01, subdivision 2b, clause (14), to the contrary, a Kanabec hospital employee born on December 6, 1940, employed by the hospital from January 4, 1965, to the present, and a Kanabec hospital employee born on October 6, 1942, employed by the hospital from September, 1964, to August 1, 1966, and from May, 1967, to the present, is eligible to make the election under subdivision 2.

Subd. 2. [ELECTION OF COVERAGE.] An eligible employee under subdivision 1 is entitled to elect retirement coverage by the public employees retirement association general plan. Service credit will begin to accrue at the beginning of the pay period following the election of plan coverage by the eligible employee. The election of coverage must be made on a form prescribed by the executive director of the association. The election must be made within 60 days after the effective date of this section.

Sec. 7. [REPEALER.]

Laws 1990, chapter 570, article 13, section 1, subdivision 5, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 5 and 7 are effective the day following final enactment. Section 6 is effective upon approval by the Kanabec county board and upon compliance with Minnesota Statutes, section 645.021.

ARTICLE 10

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION
INVESTMENT PERFORMANCE REPORTING

Section 1. Minnesota Statutes 1995 Supplement, section 356.219, subdivision 2, is amended to read:

Subd. 2. [CONTENT AND TIMING OF REPORTS.] (a) The following information shall be included in the report required by subdivision 1:

- (1) the market value of all investments at the close of the reporting period;
- (2) regular payroll-based contributions to the fund;
- (3) other contributions and revenue paid into the fund, including, but not limited to, state or local non-payroll-based contributions, repaid refunds, and buybacks;
- (4) total benefits paid to members;

- (5) fees paid for investment management services;
- (6) salaries and other administrative expenses paid; and
- (7) total return on investment.

The report must also include a written statement of the investment policy in effect on June 30, 1988, and any investment policy changes made subsequently and shall include the effective date of each policy change. The information required under this subdivision must be reported separately for each investment account or investment portfolio included in the pension fund.

(b) For public pension plans other than volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately for each quarter for the fiscal years of the pension fund ending during calendar years 1989 through 1991 and on a monthly basis thereafter. For volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately each quarter.

(c) Firefighters' relief associations that have assets with a market value of less than \$300,000 must begin collecting the required information on January 1, 1996 1997, and must submit the required information to the state auditor on or before October 1, 1997 1998, and subsequently within six months of the end of each fiscal year. Other associations must submit the required information through fiscal year 1993 to the state auditor on or before October 1, 1994, and subsequently within six months of the end of each fiscal year.

Sec. 2. [REVIEW OF INVESTMENT PERFORMANCE ATTRIBUTION REPORTING FORMS AND REPORTING PROCESS.]

(a) On or before February 15, 1997, the special task force established in paragraph (b) shall report to the legislature on its review of the investment performance attribution reporting forms and reporting process as provided in paragraph (d).

(b) The special task force consists of:

- (1) the chair of the legislative commission on pensions and retirement or the chair's designee;
- (2) the vice-chair of the legislative commission on pensions and retirement or the vice-chair's designee;
- (3) the chair of the committee on governmental operations of the house of representatives or the chair's designee;
- (4) the chair of the committee on governmental operations and veterans of the senate or the chair's designee;
- (5) the executive director of the state board of investment or the director's designee;
- (6) the state auditor or the auditor's designee;
- (7) the legislative auditor or the auditor's designee;
- (8) two persons who are each a volunteer firefighter member of the board of trustees of a volunteer firefighter relief association deemed representative of its membership and designated by the governing board of the Minnesota area relief association coalition;
- (9) two persons who are each a volunteer firefighter member of the board of trustees of a volunteer firefighter relief association deemed representative of its membership and designated by the governing board of the Minnesota state fire chiefs association;
- (10) two persons who are each a volunteer firefighter member of the board of trustees of a volunteer firefighter relief association deemed representative of its membership and designated by the governing board of the Minnesota state fire department association;

(11) a person who is a municipal representative on a board of trustees of a volunteer firefighters relief association with assets under \$300,000 as designated by the executive director of the league of Minnesota cities;

(12) a representative of a first class city teacher retirement fund association as designated by the chair of the legislative commission on pensions and retirement; and

(13) a representative of a local police or salaried firefighter relief association governed by Minnesota Statutes, section 69.77 as designated by the chair of the legislative commission on pensions and retirement.

(c) The chair of the special task force is the chair of the legislative commission on pensions and retirement or the chair's designee and the chair shall establish the meeting schedule and topic agenda for the special task force.

(d) The special task force, at a minimum, shall consider the following topics and issues:

(1) the changes required to simplify the investment performance attribution reporting under Minnesota Statutes, section 356.219, for smaller local person plans;

(2) the changes required to include the investment performance attribution reporting in the annual financial reporting under Minnesota Statutes, section 69.051;

(3) the changes required to combine the investment performance reporting under Minnesota Statutes, section 356.218, with the investment performance attribution reporting under Minnesota Statutes, section 356.219, and the appropriate entity to administer any combined reporting program; and

(4) any other topics relevant to the investment reporting programs under Minnesota Statutes, section 356.218 or 356.219."

Delete the title and insert:

"A bill for an act relating to retirement; various Minnesota public pension plans; making various benefit and coverage modifications; redirecting various state pension aids to certain first class city teachers retirement fund associations; requiring certain school district employer contribution increases; making various administrative modifications; establishing a minimum fire state aid allocation for certain volunteer firefighter relief associations; establishing a special task force to evaluate potential modifications in various investment performance reporting programs; amending Minnesota Statutes 1994, sections 3A.04, subdivision 4; 69.021, subdivision 7; 124.916, subdivision 3; 144C.06; 352.04, subdivision 8; 352.95, subdivision 2; 352B.10, subdivision 2; 352B.11, subdivision 1; 352C.09, by adding a subdivision; 353D.01, subdivision 2; 353D.02; 353D.03; 353D.04; 354.44, subdivisions 3 and 4; 354A.12, subdivisions 2, 3a, 3c, and by adding subdivisions; 365A.06, subdivision 7; 423A.02, subdivision 1, and by adding a subdivision; 423B.01, subdivision 9; 423B.15, subdivision 3; 424A.001, by adding subdivisions; 424A.01, by adding a subdivision; 424A.02, subdivision 1; and 490.124, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 144C.07, subdivision 2; 144C.08; 354A.12, subdivision 3b; 354D.02, subdivision 2; 354D.03; 354D.04; 354D.06; and 356.219, subdivision 2; Laws 1989, chapter 319, article 19, section 7, subdivisions 1, as amended and 4, as amended; and Laws 1995, chapter 252, article 1, section 16; proposing coding for new law in Minnesota Statutes, chapter 354D; repealing Minnesota Statutes 1994, section 353D.11; Laws 1990, chapter 570, article 13, section 1, subdivision 5."

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

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

H.F. No. 2204 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No. S.F. No.
2204 2014

H.F. No. S.F. No.

H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2204 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2204 and insert the language after the enacting clause of S.F. No. 2014, the first engrossment; further, delete the title of H.F. No. 2204 and insert the title of S.F. No. 2014, the first engrossment.

And when so amended H.F. No. 2204 will be identical to S.F. No. 2014, and further recommends that H.F. No. 2204 be given its second reading and substituted for S.F. No. 2014, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2788 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No. S.F. No.
2788 2591

H.F. No. S.F. No.

H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2788 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2788 and insert the language after the enacting clause of S.F. No. 2591, the first engrossment; further, delete the title of H.F. No. 2788 and insert the title of S.F. No. 2591, the first engrossment.

And when so amended H.F. No. 2788 will be identical to S.F. No. 2591, and further recommends that H.F. No. 2788 be given its second reading and substituted for S.F. No. 2591, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2222 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No. S.F. No.
2222 2097

H.F. No. S.F. No.

H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2222 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2222 and insert the language after the enacting clause of S.F. No. 2097, the first engrossment; further, delete the title of H.F. No. 2222 and insert the title of S.F. No. 2097, the first engrossment.

And when so amended H.F. No. 2222 will be identical to S.F. No. 2097, and further recommends that H.F. No. 2222 be given its second reading and substituted for S.F. No. 2097, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 3162 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.
3162	2821				

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. 3052 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

CONSENT CALENDAR

CALENDAR

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3052	2780				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 3052 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3052 and insert the language after the enacting clause of S.F. No. 2780, the first engrossment; further, delete the title of H.F. No. 3052 and insert the title of S.F. No. 2780, the first engrossment.

And when so amended H.F. No. 3052 will be identical to S.F. No. 2780, and further recommends that H.F. No. 3052 be given its second reading and substituted for S.F. No. 2780, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2526 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

CONSENT CALENDAR

CALENDAR

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2526	2170				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2526 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2526 and insert the language after the enacting clause of S.F. No. 2170, the first engrossment; further, delete the title of H.F. No. 2526 and insert the title of S.F. No. 2170, the first engrossment.

And when so amended H.F. No. 2526 will be identical to S.F. No. 2170, and further recommends that H.F. No. 2526 be given its second reading and substituted for S.F. No. 2170, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2525 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2525	2201				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2525 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2525 and insert the language after the enacting clause of S.F. No. 2201, the first engrossment; further, delete the title of H.F. No. 2525 and insert the title of S.F. No. 2201, the first engrossment.

And when so amended H.F. No. 2525 will be identical to S.F. No. 2201, and further recommends that H.F. No. 2525 be given its second reading and substituted for S.F. No. 2201, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2483 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.
2483	2476				

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. 2059 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2059	1982				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2059 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2059 and insert the language after the enacting clause of S.F. No. 1982, the second engrossment; further, delete the title of H.F. No. 2059 and insert the title of S.F. No. 1982, the second engrossment.

And when so amended H.F. No. 2059 will be identical to S.F. No. 1982, and further recommends that H.F. No. 2059 be given its second reading and substituted for S.F. No. 1982, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 219 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
219	221				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 219 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 219 and insert the language after the enacting clause of S.F. No. 221, the second engrossment; further, delete the title of H.F. No. 219 and insert the title of S.F. No. 221, the second engrossment.

And when so amended H.F. No. 219 will be identical to S.F. No. 221, and further recommends that H.F. No. 219 be given its second reading and substituted for S.F. No. 221, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2318 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2318	2218				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2318 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2318 and insert the language after the enacting clause of S.F. No. 2218; further, delete the title of H.F. No. 2318 and insert the title of S.F. No. 2218.

And when so amended H.F. No. 2318 will be identical to S.F. No. 2218, and further recommends that H.F. No. 2318 be given its second reading and substituted for S.F. No. 2218, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 732 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

H.F. No. S.F. No.
732 950

CONSENT CALENDAR

H.F. No. S.F. No.

CALENDAR

H.F. No. S.F. No.

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. 1915, 2397, 1944 and 2123 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 2204, 2788, 2222, 3162, 3052, 2526, 2525, 2483, 2059, 219, 2318 and 732 were read the second time.

MOTIONS AND RESOLUTIONS

Ms. Johnson, J.B. moved that the name of Mr. Marty be added as a co-author to S.F. No. 1989. The motion prevailed.

Mr. Stumpf moved that the names of Messrs. Murphy and Larson be added as co-authors to S.F. No. 2849. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar. The motion prevailed.

CALENDAR

S.F. No. 1996: A bill for an act relating to family law; requiring specificity in visitation orders; modifying provisions for visitation expeditors; providing for the establishment of mandatory visitation dispute resolution programs; imposing penalties; amending Minnesota Statutes 1994, sections 518.175, subdivision 1; and 518.1751.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Fischbach	Johnston	Langseth	Mondale
Beckman	Flynn	Kelly	Larson	Morse
Belanger	Frederickson	Kiscaden	Lesewski	Murphy
Betzold	Hanson	Kleis	Lessard	Neuville
Cohen	Hottinger	Knutson	Limmer	Novak
Day	Johnson, D.E.	Kramer	Marty	Oliver
Dille	Johnson, D.J.	Krentz	Metzen	Olson
Finn	Johnson, J.B.	Kroening	Moe, R.D.	Ourada

Pappas
Pariseau
Piper
Pogemiller

Price
Ranum
Reichgott Junge
Robertson

Runbeck
Sams
Samuelson
Scheevel

Solon
Spear
Stevens
Stumpf

Terwilliger
Vickerman
Wiener

So the bill passed and its title was agreed to.

S.F. No. 2009: A bill for an act relating to electric utilities; allowing the city of Willmar to enter into a joint venture with the Kandiyohi cooperative electric power association for the provision of electric power.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson
Beckman
Belanger
Berglin
Betzold
Cohen
Day
Dille
Finn
Fischbach
Flynn
Frederickson

Hanson
Hottinger
Johnson, D.E.
Johnson, D.J.
Johnson, J.B.
Johnston
Kelly
Kleis
Knutson
Kramer
Krentz
Kroening

Langseth
Larson
Lesewski
Lessard
Limmer
Marty
Metzen
Moe, R.D.
Mondale
Morse
Murphy
Neuville

Novak
Oliver
Olson
Ourada
Pappas
Pariseau
Piper
Pogemiller
Price
Ranum
Reichgott Junge
Robertson

Runbeck
Sams
Samuelson
Scheevel
Solon
Spear
Stevens
Stumpf
Terwilliger
Vickerman
Wiener

So the bill passed and its title was agreed to.

S.F. No. 1981: A bill for an act relating to commerce; regulating the enforcement powers of the commissioner; clarifying the definition of nonconformity in respect of hearing aids; amending Minnesota Statutes 1994, section 45.027, subdivision 5, and by adding a subdivision; Minnesota Statutes 1995 Supplement, section 325G.203, subdivision 11.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson
Beckman
Belanger
Berglin
Betzold
Day
Dille
Flynn
Frederickson
Hanson
Hottinger
Johnson, D.E.

Johnson, D.J.
Johnson, J.B.
Johnston
Kelly
Kiscaden
Kleis
Knutson
Kramer
Krentz
Kroening
Langseth
Larson

Lesewski
Lessard
Limmer
Marty
Metzen
Moe, R.D.
Mondale
Morse
Murphy
Neuville
Novak
Oliver

Olson
Ourada
Pappas
Pariseau
Piper
Pogemiller
Price
Ranum
Reichgott Junge
Robertson
Runbeck
Sams

Samuelson
Scheevel
Solon
Spear
Stevens
Stumpf
Terwilliger
Vickerman
Wiener

So the bill passed and its title was agreed to.

S.F. No. 2020: A bill for an act relating to human services; requesting the commissioners of health and human services to seek a federal waiver; amending Minnesota Statutes 1994, section 144A.04, by adding a subdivision.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Novak	Runbeck
Beckman	Hottinger	Langseth	Oliver	Sams
Belanger	Johnson, D.E.	Larson	Olson	Samuelson
Berglin	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Lessard	Pappas	Solon
Cohen	Johnston	Marty	Pariseau	Stevens
Day	Kelly	Metzen	Piper	Stumpf
Dille	Kiscaden	Moe, R.D.	Pogemiller	Terwilliger
Finn	Kleis	Mondale	Price	Vickerman
Fischbach	Knutson	Morse	Ranum	Wiener
Flynn	Kramer	Murphy	Reichgott Junge	
Frederickson	Krentz	Neuville	Robertson	

So the bill passed and its title was agreed to.

S.F. No. 2146: A bill for an act relating to traffic regulations; allowing use of safety cables on trailers and semitrailers; amending Minnesota Statutes 1994, sections 169.797, subdivision 3; 169.82, subdivision 3; and 169.851, subdivision 5; Minnesota Statutes 1995 Supplement, section 171.02, subdivision 2a.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Oliver	Samuelson
Beckman	Hottinger	Larson	Olson	Scheevel
Belanger	Johnson, D.E.	Lesewski	Ourada	Solon
Berglin	Johnson, D.J.	Limmer	Pappas	Spear
Betzold	Johnson, J.B.	Marty	Pariseau	Stevens
Cohen	Johnston	Metzen	Piper	Stumpf
Day	Kelly	Moe, R.D.	Pogemiller	Terwilliger
Dille	Kiscaden	Mondale	Price	Vickerman
Finn	Kleis	Morse	Ranum	Wiener
Fischbach	Knutson	Murphy	Reichgott Junge	
Flynn	Kramer	Neuville	Runbeck	
Frederickson	Krentz	Novak	Sams	

So the bill passed and its title was agreed to.

H.F. No. 2188: A bill for an act relating to motor carriers; modifying and reorganizing provisions relating to allowable truck lengths and combinations; amending Minnesota Statutes 1994, sections 168.011, subdivisions 13 and 14; 168.013, subdivision 1e; 169.81, subdivision 2, and by adding a subdivision; and 169.86, subdivision 1; Minnesota Statutes 1995 Supplement, section 169.81, subdivision 3.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Day	Hanson	Kelly	Kroening
Beckman	Dille	Hottinger	Kiscaden	Langseth
Belanger	Finn	Johnson, D.E.	Kleis	Larson
Berglin	Fischbach	Johnson, D.J.	Knutson	Lesewski
Betzold	Flynn	Johnson, J.B.	Kramer	Lessard
Cohen	Frederickson	Johnston	Krentz	Limmer

Marty	Neuville	Pariseau	Robertson	Spear
Metzen	Novak	Piper	Runbeck	Stevens
Moe, R.D.	Oliver	Pogemiller	Sams	Stumpf
Mondale	Olson	Price	Samuelson	Terwilliger
Morse	Ourada	Ranum	Scheevel	Vickerman
Murphy	Pappas	Reichgott Junge	Solon	Wiener

So the bill passed and its title was agreed to.

S.F. No. 1874: A bill for an act relating to health; requiring a utilization review organization to provide patients with notification of its determination; amending Minnesota Statutes 1994, sections 62M.05, subdivision 3; and 72A.201, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Robertson
Beckman	Hottinger	Langseth	Novak	Runbeck
Belanger	Johnson, D.E.	Larson	Oliver	Sams
Berglin	Johnson, D.J.	Lesewski	Olson	Samuelson
Betzold	Johnson, J.B.	Lessard	Ourada	Scheevel
Cohen	Johnston	Limmer	Pappas	Solon
Day	Kelly	Marty	Pariseau	Spear
Dille	Kiscaden	Metzen	Piper	Stevens
Finn	Kleis	Moe, R.D.	Pogemiller	Stumpf
Fischbach	Knutson	Mondale	Price	Terwilliger
Flynn	Kramer	Morse	Ranum	Vickerman
Frederickson	Krentz	Murphy	Reichgott Junge	Wiener

So the bill passed and its title was agreed to.

S.F. No. 1939: A bill for an act relating to human services; requiring the commissioner of human services to review the adequacy of payment information provided to medical assistance recipient's billing statement for medical assistance recipients.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Runbeck
Beckman	Hottinger	Langseth	Novak	Sams
Belanger	Johnson, D.E.	Larson	Oliver	Samuelson
Berglin	Johnson, D.J.	Lesewski	Olson	Scheevel
Betzold	Johnson, J.B.	Lessard	Pappas	Solon
Cohen	Johnston	Limmer	Pariseau	Spear
Day	Kelly	Marty	Piper	Stevens
Dille	Kiscaden	Metzen	Pogemiller	Stumpf
Finn	Kleis	Moe, R.D.	Price	Terwilliger
Fischbach	Knutson	Mondale	Ranum	Vickerman
Flynn	Kramer	Morse	Reichgott Junge	Wiener
Frederickson	Krentz	Murphy	Robertson	

So the bill passed and its title was agreed to.

H.F. No. 2625: A bill for an act relating to the city of Baxter; allowing the city of Baxter to expand its public utilities commission to five members.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Novak	Sams
Beckman	Johnson, D.E.	Larson	Oliver	Samuelson
Belanger	Johnson, D.J.	Lesewski	Olson	Scheevel
Berglin	Johnson, J.B.	Lessard	Pappas	Solon
Betzold	Johnston	Limmer	Pariseau	Spear
Day	Kelly	Marty	Piper	Stevens
Dille	Kiscaden	Metzen	Pogemiller	Stumpf
Finn	Kleis	Moe, R.D.	Price	Terwilliger
Fischbach	Knutson	Mondale	Ranum	Vickerman
Flynn	Kramer	Morse	Reichgott Junge	Wiener
Frederickson	Krentz	Murphy	Robertson	
Hanson	Kroening	Neuville	Runbeck	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Ms. Pappas introduced--

S.F. No. 2850: A bill for an act relating to retirement; changing previous governing state aid to police and firefighters relief associations; amending Minnesota Statutes 1994, section 423A.02; Minnesota Statutes 1995 Supplement, section 353.65, subdivision 7.

Referred to the Committee on Governmental Operations and Veterans.

Ms. Pappas and Mr. Hottinger introduced--

S.F. No. 2851: A bill for an act relating to taxation; removing the sales tax exemption for YMCA and YWCA memberships; repealing Minnesota Statutes 1994, section 297A.25, subdivision 37.

Referred to the Committee on Taxes and Tax Laws.

Mr. Kroening introduced--

S.F. No. 2852: A bill for an act relating to the organization and operation of state government; appropriating money for economic development and certain agencies of state government; amending Minnesota Statutes 1994, sections 116J.873, as amended; 138.664, by adding a subdivision; 138.762, subdivision 4; 138.763, subdivision 1; 216B.16, by adding a subdivision; 469.056, subdivision 2; and 469.303; Minnesota Statutes 1995 Supplement, section 79.561, subdivision 3; Laws 1994, chapter 573, sections 1, subdivisions 6 and 7; 4; 5, subdivision 2; Laws 1995, chapter 231, article 1, section 33; repealing Minnesota Statutes 1994, sections 13.99, subdivision 27c; 116S.01; 116S.02; 116S.03; 116S.04; 116S.05; 116S.06; 116S.07; 116S.08; 116S.09; 116S.10; 116S.11; 138.662, subdivision 5; and 268.9783, subdivision 8; Laws 1988, chapter 684, article 1, section 23.

Referred to the Committee on Finance.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Murphy moved that S.F. No. 537 and the veto message thereon be taken from the table. The motion prevailed.

S.F. No. 537: A bill for an act relating to drivers' licenses; providing conditions for validity of state contracts; requiring refund of license fee if a qualified applicant does not receive a license, duplicate license, permit, or identification card within six weeks of application; providing for issuance of license without regard to whether the fee has been refunded; requiring legislative audit commission to study driver's license and identification card program; amending Minnesota Statutes 1994, sections 16B.06, subdivision 2; 171.06, by adding a subdivision; and 171.07, subdivisions 1 and 3.

Mr. Murphy moved that S.F. No. 537 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23 of the Constitution of the State of Minnesota.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on S.F. No. 537. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Murphy.

The roll was called, and there were yeas 42 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Murphy	Samuelson
Beckman	Hottinger	Langseth	Novak	Solon
Berglin	Janezich	Lessard	Pappas	Spear
Betzold	Johnson, D.J.	Marty	Piper	Stumpf
Chandler	Johnson, J.B.	Merriam	Pogemiller	Vickerman
Cohen	Kelly	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Finn	Kramer	Mondale	Reichgott Junge	
Flynn	Krentz	Morse	Sams	

Those who voted in the negative were:

Belanger	Johnston	Lesewski	Ourada	Stevens
Dille	Kiscaden	Limmer	Pariseau	Terwilliger
Fischbach	Knutson	Neuville	Robertson	
Frederickson	Laidig	Oliver	Runbeck	
Johnson, D.E.	Larson	Olson	Scheevel	

The motion did not prevail.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2802 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2802: A bill for an act relating to natural resources; providing an appropriation for snowmobile grants-in-aid; requiring a report; appropriating money.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Neuville	Runbeck
Beckman	Hanson	Langseth	Novak	Sams
Belanger	Hottinger	Larson	Oliver	Samuelson
Berglin	Janezich	Lesewski	Olson	Scheevel
Betzold	Johnson, D.E.	Lessard	Ourada	Solon
Chandler	Johnson, D.J.	Limmer	Pappas	Spear
Cohen	Johnson, J.B.	Marty	Pariseau	Stevens
Day	Kelly	Merriam	Piper	Stumpf
Dille	Knutson	Metzen	Pogemiller	Terwilliger
Finn	Kramer	Moe, R.D.	Price	Vickerman
Fischbach	Krentz	Mondale	Ranum	Wiener
Flynn	Kroening	Morse	Reichgott Junge	

Those who voted in the negative were:

Johnston	Kiscaden	Kleis	Murphy	Robertson
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So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2596 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2596: A bill for an act relating to game and fish; providing an appropriation for emergency deer feeding; appropriating money; amending Minnesota Statutes 1994, section 97A.075, subdivision 1.

Mr. Johnson, D.J. moved to amend S.F. No. 2596 as follows:

Page 1, line 22, delete "\$500,000, \$500,000" and insert "\$750,000, \$750,000"

Page 2, delete lines 2 to 6

Page 2, line 7, delete "\$500,000" and insert "\$750,000" and after "fund" insert "to the commissioner of natural resources"

Page 2, line 9, delete "added" and insert "in addition"

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend S.F. No. 2596 as follows:

Page 2, line 12, after "commissioner" insert ", in consultation with the citizen oversight committee appointed under Minnesota Statutes, section 97A.055, subdivision 4a, paragraph (b), clause (3)."

The motion prevailed. So the amendment was adopted.

S.F. No. 2596 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Janezich	Kramer	Lesewski
Beckman	Flynn	Johnson, D.E.	Krentz	Lessard
Belanger	Frederickson	Johnson, D.J.	Laidig	Limmer
Day	Hanson	Johnson, J.B.	Langseth	Marty
Finn	Hottinger	Kelly	Larson	Metzen

Moe, R.D.
Mondale
Morse
Neuville
Novak

Olson
Ourada
Pariseau
Piper
Price

Ranum
Reichgott Junge
Sams
Samuelson
Solon

Spear
Stevens
Stumpf
Terwilliger
Vickerman

Wiener

Those who voted in the negative were:

Betzold
Chandler
Cohen
Dille

Johnston
Kiscaden
Kleis
Knutson

Kroening
Merriam
Murphy
Oliver

Pappas
Pogemiller
Robertson
Runbeck

Scheevel

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

MEMBERS EXCUSED

Messrs. Berg, Chmielewski and Riveness were excused from the Session of today. Mr. Laidig was excused from the Session of today from 8:00 to 9:00 a.m. Mr. Janezich was excused from the Session of today from 8:00 to 9:20 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:00 a.m., Friday, February 23, 1996. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

INDEX TO DAILY JOURNAL

February 22, 1996

EXECUTIVE AND OFFICIAL COMMUNICATIONS

Pages 6411 to 6412

CHAPTER LAWS

		Session Laws	
S.F. Nos.	H.F. Nos.	Chapter No.	Page
1946		272	6412

MESSAGES FROM THE HOUSE AND FIRST READINGS OF HOUSE FILES

S.F. Nos.	Message Page	H.F. Nos.	Message Page	1st Reading Page
1622	6412	2040	6414	6415
1812	6412	2245	6414	6415
2012	6414	2321	6414	6414
2019	6412	2365	6414	6414
2121	6413	2369	6414	6415
2698	6412	2519	6414	6415
		2873	6414	6415
		2889	6414	6414
		2953	6414	6415

CONCURRENCE AND REPASSAGE

S.F. Nos.	Page	H.F. Nos.	Page
1812	6413		
2121	6413		

REPORTS OF COMMITTEES AND SECOND READINGS

S.F. Nos.	Report Page	2nd Reading Page	H.F. Nos.	Report Page	2nd Reading Page
891	6459		219	6491	6492
1915	6420	6492	732	6492	6492
1944	6450	6492	2059	6490	6492
2048	6462		2204	6488	6492
2123	6461	6492	2222	6488	6492
2397	6449	6492	2318	6491	6492
2622	6416		2483	6490	6492
			2525	6490	6492
			2526	6489	6492
			2788	6488	6492
			3052	6489	6492
			3162	6489	6492

MOTIONS AND RESOLUTIONS

S.F. Nos.	Page	H.F. Nos.	Page
537	6497		
1989	6492		
2802	6498		
2849	6492		

CALENDAR

S.F. Nos.	Page	H.F. Nos.	Page
1874	6495	2188	6494
1939	6495	2625	6495
1981	6493		
1996	6492		
2009	6493		
2020	6493		
2146	6494		

SPECIAL ORDERS

S.F. Nos.	Page	H.F. Nos.	Page
2596	6498		
2802	6497		

INTRODUCTION AND FIRST READING OF SENATE BILLS

S.F. Nos. 2850 to 2852 Pages 6496 to 6497